KGB picks

clothes and

steps out of

THE mighty empire of the KGB, that most feared and

secretive of secret services in the Soviet Union, yesterday finally came out of the closet. In a bewildering display of

some new

the closet

By Quentin Peel

D 8523A

World News

Thursday September 14 1989

Cape Town hosts largest protest rally for 30 years

Anti-Apartheid groups in South Africa held the country's largest protest march in 80 years, with the tacit approval of the Government. The rally, which passed off peacefully, was called to protest at alleged police killings during recent, elections. Page 20

NY nomination

Democratic voters refused to nominate New York Mayor Ed Koch for a fourth term of office. Koch lost nomination to David Dinkins, who wants to become the city's first black mayor. Profile, Page 20

E German exodus The exodus of East German refugees to the West through Hungary slowed but the dispute within the Warsaw Pact continued. Page 20

Kohi strengthened Helmut Kohl, West German Chancellor, emerged in a strengthened position from the annual conference of his Christian Democratic Union

EC social reform

The European Commission intends to push social legislation through by majority decision of EC states, rather than unanimity. Page 3

Change in Norway A proposal for constitutional change may face Norway's new in October. Page 2

Nujoma to return Sam Nujoma, president of the South West Africa People's Organisation (Swapo) will return to Namibia despite Tuesday's killing of a leading

Warning on Peland A former UK minister issued a sharp warning that the was likely to collapse if the West failed to adopt co-ordi-

Israeli discussion

nated aid. Page 2

Israeli ministers discussed Egyptian proposals for inject-ing life into the peace process in the occupied territories.

Yeltsin prediction

Boris Yeltsin, the maverick Soviet politician, has predicted in the US that Moscow will pass a new law to ban military repression of domestic upris-ings. Page 2

US drug seizure

US agents in Miami made the largest cocaine seizure since President George Bush announced his crackdown on drug trafficking, capturing 1,225 kilos of cocaine.

Dutch high stakes

Rund Lubbers, the Dutch Prime Minister who won the recent election, is finding his power tested by high stakes gambling in government coali-

Salvador demands Salvadorean rebels offered anindefinite ceaselire in their war with the Government but

demanded reforms in return.

Italian breach

Arnaldo Foriani, the Italian Christian Democrat Party eader, is attempting to close a breach between his party and the Church. Page 2

Business Summary Japanese Government delays NTT share issue

THE Japanese Government postponed a sale of state-owne hares in Nippon Telegraph anates in August's largest company, for fear of swamping the market in NTT shares and damaging confidence in the stock market. Page 20

MGM/UA Communications, Hollywood film and television studio, has received a higher takeover offer than one from Qintex of Australia in April.

JAGUAR, huxury UK car maker, announced operating loss for the six months to June 30 following poor US sales. Page 21

ISTITUTO Mobiliare Italiano, Italian state bank, is the subject of uncertainty over its fellure to proceed with a \$1bn emergency recapitalisation of the scandal-ridden Banca Nazionale del Lavoro (BNL).

HONG KONG'S stock exchange threatened to censure Schroders Asia, UK-owned merchant bank, and to delist shares of Paladin, Hong Kong invest ment company. Page 24

EUROPEAN motor industry leaders warned of the looming dangers to European car mak-ers from the threat of unbridled Japanese competition. Page 2, Page 20

MEXICO's negotiations with its 15-bank advisory group, led by Citibank, were close to conclusion in New York. The accord, to cover \$52bn of debt and to give health the debt and to give banks the choice of making new loans or reducing Mexico's debt-ser-vicing obligations, must still be agreed by 500 creditors.

KNTEL, Argentina's stateowned telecommunications company, will be first loss-making nationalised companies to be put up for sale by the Government. Page 4

US BANKS criticised the US Federal Reserve over a rule which restricts investment by their overseas securities subsidiaries. Page 26

SAAR-SCANIA, Swedish autoionive and a has seen a major change in share ownership. Page 23

MITSUBISHI Bank, Japanese commercial bank, is to become the first Japanese company in seven years to have shares listed on New York Stock Exchange, Page 25

MINISCRIBE, US supplier of disk drives to personal computer industry, was a source of "massive fraud" by former senior managers aimed at inflating results, according to Securities and Exchange

Commission, Page 22 **US Secretary of Commerce** Robert Mosbacher warned Japan changes must be made

to the country's trade and distribution structure. Page 7 **SWISS Bank Corporation**

(SBC) is to take a 5 per cent stake in Merloni Elettrodomes tici, largest Italian white goods manufacturer, Page 23 INDEPENDENT energy com-

pany plans to undercut price of British-produced electricity by selling cheap power from France after the industry is privatised. Page 9 BRITISH AEROSPACE

reported a 48 per cent increase in interim pre-tax profits to £141m, but profits from weap-ons and defence electronics fell by more than expected. Page 21; Lex. Page 20

US TRADE Representative Carla Hills stressed the impor-tance to the US of success in the Uruguay Round trade talks and tempered recriminations over fears of European protectionism. Page 7

IIK COMPANIES' expenditure outstripped income by £6.6bn in 1988, according to an official estimate. Page 8

Co op group fights for survival

By Haig Simonian in Frankfurt

THE BIGGEST corporate bankruptcy in West German history appeared increasingly unavoidable yesterday as Co op, the troubled retailing group, struggled for survival after filing an application to go

into receivership.

The application for "Vergleich," a form of receivership falling short of full-scale bank-ruptcy, came after the failure of Co op's 124 creditor banks, which hold nearly DM2bn (\$1bn) in unsecured loans, to agree to an eleventh-hour res-cue package proposed on Tues-

Under German law, Co op had until midnight on Tuesday to restructure its finances fol-lowing its discovery in late-Angust of DM2.6bn in "over-indebtedness," substantially higher than the DM1.95bn

London

still top

centre

Wagstyl in Tokyo

exchange

By Simon Holberton in

London, Janet Bush in

LONDON has kept its position

as the world's biggest centre for foreign exchange dealing,

with an average daily turnover in April this year worth \$187bn, double the level of three years ago. Preliminary findings of a

wide-ranging survey into the global foreign exchange mar-ket by 20 central banks showed

the volume of trading in New York and Tokyo had more than doubled in the period. The cen-

tral banks in those two centres

said the average daily turnover during April was worth \$129bn and \$115bn respectively.

The figures have been adjusted for double counting

within respective financial cen-

tres but do not take account of double counting between coun-tries. Nevertheless, central bankers agreed that the vol-ume of global foreign exchange

doubled since March 1986,

when the last survey was con-

England found that the propor-tion of forward transactions, in

which currencies are bought

for delivery at a future date, had risen in recent years, the survey underlines the very

short-term nature of the for-

eign exchange market. In Lon-

Although the Bank of

New York and Stefan

revealed in its first restructuring last February.
The group, which employs some 46,000 people and had sales of around DM10bn last vear, is now locked in a battle against time to win round the 43 hanks which were unable to decide on the rescue package in time. Meanwhile it will have to fend off pressure from its suppliers and landlords which

operations. Mr Hans Friderichs, appointed last December to chair Co op's supervisory board by the six "pool" banks most closely involved with the troubled company, said 72 of the unsecured creditors had accepted the last minute proposal put forward by Deutsche Genossenschaftsbank (DG Bank) that creditors write off

World

foreign

Sbillion worth

\$/DM

\$/SFr

90

Most actively traded currencies % of daily tumove

27

don, so-called "spot" transac-tions, for immediate delivery, accounted for \$121bn of daily

turnover, while \$45.8bn was

accounted for by deals matur-

countries participated in the survey conducted during April,

though not all released the details yesterday. The Bundes-bank, West Germany's central

bank, was unable to participate

in the survey for constitutional

ever conducted and follows a smaller survey conducted in

March 1986 by the Bank of

England, the US Federal

Reserve of New York, the Bank

of Japan and the Bank of Can-

ada. Average daily turnover of

currencies in London, New York and Tokyo, was put at \$90bn, \$58bn and \$48bn respec-

tively according to that survey.

In Europe, Zurich appears to

The central banks of 20

ing within one month.

Tokyo

N/A

NΑ

72

N/A

be second to London in volume

of business, with average daily turnover in currencies worth

\$57bn. Next comes Paris

(\$26bn) followed by Amsterdam (\$16bn) and Brussels (\$13bn).

centre to report yesterday, Australia is expected to follow

shortly. Singapore is thought to have participated and its annual daily turnover is

believed to be in the region of

\$60bn, although this figure is hotly contested by other Far

Of the big three, both London and New York exhibit the

greatest diversity in the range

of currencies traded against

the dollar. Tokyo shows least diversity in dealings with the

dollar/yen market accounting

for 72 per cent of the market.

In London, where 356 banks and nine currency brokers

were questioned, the foreign

exchange market has under-

Tokyo was the only Far East

could quickly cripple its entire

75 per cent of their unsecured loans in return for receiving the remaining 25 per cent in cash on September 30.

Nine banks, holding DM64m of debt, had rejected the plan outright. Addressing a packed meeting in the capteen of Co op's Frankfurt headquarters Mr Friderichs sald he still hoped enough banks would agree to the scheme for the receivership application to be vithdrawn.

However, prospects for Co op look far from rosy, with the decisive role now likely to be played more by its suppliers and landlords than its bankers. Suppliers, which have generally stuck by the group through its difficulties, may now refuse to extend further credit, while some may even reclaim unpaid goods from Co

Tokyo y

op's warehouses. Worse still, the rent contracts on a substantial number of Co op's stores contain clauses allowing for immediate termination of tenancy in the event of a receivership applica-

One of Co op's few strengths is its relatively large number of big out-of town sites in its retailing mix. But with such locations now virtually unob-tainable under German zoning laws, landlords may be tempted to give notice and re-rent their sites more expen-

sively to others. Mr Friderichs, a former German Economics Minister, admitted yesterday that "the next few days would be extremely tense."

Virtually the only hope for the company lies with a group

gone significant structural

change. There has been a

growth in bank-to-customer

business (up from 9 per cent

turnover to 15 per cent of turn-

over) and a corresponding decline in the position of for-eign exchange brokers.

In New York, where 127 banking institutions and 14 non-banks took part in the sur-

vey. Ms Gretchen Greene, senior vice president of the New York Fed, said turnover

growth in the US market has

been rising by an estimate

rate of 30 per cent a year.
The D-Mark remained the

most actively traded foreign currency in the US market,

although the Japanese yen has

made up significant ground since 1986. In Tokyo, where 289

banks and eight brokers were

surveyed, interbank trading accounted for 67.1 per cent of

Currencies, Page 46

New York

New York

15

33

25

of Japanese banks, which account for some DM430m of its unsecured debt. One reason for their inability to decide on the rescue plan in time was the fact that Japanese tax rules prevent banks from offsetting loan losses against tax in the event of an agreed forgiveness of debt, compared with a forced write off. Co op's application for receivership should mean the more favourable regime

the more favourable regime would apply.

However, Mr Friderichs stressed that the receivership application was hardly of the company's own choosing. In contrast to Chapter 11 regulations in the US, which grant companies protection from their creditors, the German their creditors, the German rules tended to have just the opposite effect, he said. All over the shop, Page 21

of the Soviet state, and wipa out organised crime.

An hour-long television documentary had been prepared on the human face of the KGB, thanks to the good services of the Novosti news agency - a semi-official organisation whose own links to the State Security Committee have always been slightly suspect.

There was a televised interview with the KGB chairman, General Vladimir Kryuchkov, looking for all the world like an earnest businessman in his dark striped suit and neatlyknotted tie, praising the filmmakers for their honest and objective reporting.

And finally a string of cosy KGB colonels took the stand for a live press conference - to announce the creation of a press information service to complete the new

public image.

The trouble was the whole affair was so one-sided it was unlikely to convince the most well-disposed sceptic to believe

Officer after officer of the sprawling empire told a tale of satisfaction and job fulfilment, normal hobbies and human

Behind the interviews, the music rose and fell with vio-lins, a tinkling piano, and finally heroic trumpets, more appropriate to a nature docu-mentary than a sharp analy-

rho director who engineered the company's response to Mr Continued on Page 20

Bond sells Lonrho

in London

Australian businessman, yesterday sold his 20.4 per cent holding in Lonrho, the UK-based conglomerate, in another his debt-stricken group of com-panies. The sale left Mr Bond carrying a loss of at least £60m (\$94.2m) on the holding which was amassed a year ago to establish a platform for a planned £2bn takeover of Lonrho, headed by Mr Tiny Row-

The loss on the Lonrho shares is the most striking indication so far of the pres-sure on Mr Bond from banks to reduce his group's borrowings, which are still estimated at about £3bn.

Despite attacks from Lonrho, Mr Bond had consistently said that he would never sell the holding at a loss. "We are not a distress seller and we will not be selling at a loss. We do not need to sell. If we need to be there for a long time so be he said last April.

The Lonrho shares were sold to Barclays de Zoete Wedd and Smith New Court, the London stockbrokers, at 275p a share and were then placed with mainly UK and US institutions

new-found glasnost, and heavy-handed public relations devices, the organisation presented itself to a sceptical world as a humane and respectable body, anxious only to safeguard the vital security

holding By Ray Bashford

MR ALAN BOND, the effort to ease the pressure on

at 230p.
Mr Terry Robinson, the Lon-

Even the popular comments from the people in the street were amazingly positive, except for one. "What do I think of the EGB?" a bearded man replied. 'I think nothing. Just like I think about that lamp post." Well, what would you say?

There was Kim Philby, the British traitor, praised by all as so elegant, so witty and so much loved — even by those he betrayed. They showed his funeral in the Moscow cold, a line of KGB colleagues holding his Soviet medals, and his wife Continued on Page 20 Yeltsin in US, Page 2

EC car makers urge controls on Japanese imports after 1992

By Kevin Done, Motor Industry Correspondent, in Frankfurt

EUROPEAN motor industry leaders from West Germany, Italy, and France, the three leading European car producing countries, together with the chief executive of Ford of Europe, yesterday demanded transitional controls on the sale of Japanese cars in West Europe lasting into the second half of the 1990s. Mr Carl Hahn, chief execu-

tive of Volkswagen of West Germany, the leading Euro-pean car maker, and Mr Umberto Agnelli, vice chair-man of Flat of Italy, both called for a five-year transi-tional period with continuing import restrictions after the creation of the single European market at the end of 1992. The motor industry call for

prolonged protection runs directly counter to recent proposals from the European Com-mission for a scrapping of existing bilateral controls on Japanese car imports in France, Italy, Spain the UK and Portugal from the end of

The Commission is seeking only to persuade Japanese car makers to exercise voluntary restraint on car exports to the European Community after 1992 and has made clear that it is not prepared to introduce regulations on minimum local content levels for Japanese

cars produced in Europe. Speaking at the Financial Times World Motor Industy Conference in Frankfurt, Mr Hahn said the European volume car makers had reached a new peak of profitability, but they "should be allowed to reap the first harvest" from the single European market, before it was opened to all-comers. The Commission had to

allow the industry to continue its restructuring within a united Europe. He warned that the European motor industry had reduced its workforce by some 30 per cent in the last decade, and that a further 20 per cent of motor industry jobs would disappear in the next three to four years "as a result of the competitive adjustments

which are already planned He said the motor industry needed a five-year transition period to get a "smooth land-ing, and this will still be made

at horrendous speed."

Mr Hahn said that traditional European car makers were building 1m units of extra car production capacity in Europe and an additional 500,000 units was being built by Japanese car makers.

Japanese motor industry

leaders have called for a com-plete removal of import conplete removal of import controls after 1992, but this line appeared to soften yesterday. Mr Eiichi Kumabe, a managing director of Toyota, said "I agree that a certain transitional period is necessary."

Mr Raymond Levy, chairman and chief executive of Renault, the Franch state-owned car

the French state-owned car and truck maker, warned that "too sudden an opening of European markets to the Japanese would destroy the Euro-Continued on Page 20 Frankfurt Motor Show, Page 2

CONTENTS

Violence and crime strike at the heart of Indian politics



India seems suddenly faced by a phenome-non of violence so widespread as to defy any simple explanation. Prime Minister Raiiv Gandhi (left) talked recently of "criminals and traitors

roaming Parliament."

East Germany: How "privateers" are hobbled Moscows Strategic specks that have poisoned Soviet-Japan relations ements Mickey Mouse advances on the fair city of Paris ... Technology: Scientists find a warmer place in the public's heart ...

Editorial comment: Unchaining Europe's TV; Namibia's vital transition18 Economic Viewpoints The impact on West Germany of migration from the east Lext BTR; P&O; Jaguar; British Aerospace ... 20

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MARKETS

New York closing: \$1.553 (1.547) DM3.075 (same) FFr10.37 (10.3525) SFr2.655 (same) Y228.25 (227.5) £ Index 91.1 (91.0) COLD New York: Cornex Dec \$364.8 London: \$358.25 (358.75)

N SEA OIL (Argus) Brent 15-day Oct \$18.00 (17.90)

Chief price changes yesterday: Page 21

DM1.98 (1.9875) FFr6.775 (6.692) SFr1.71 (1.716) Y146.95 (147.1) \$ index 72.5 (72.6) US LUNCHTIME RATES Fed Funds 813% 3-mo Treasury Bilis: yield: 7.788% Long Bond: 1002 yield: 8.068%

New York closing

DM1.97055

Y148.30

STOCK REDICES FT-SE 100; 2,401.5 (+3.9) FT Ord 1,980,1 (-0.5%) FT-A All Share: 1,215.71 (+0.1%) FT-A long gilt yield index high coupon: 9.53 (same) New York closing ful Incl. Av. 2,679.52 (-27.74) Tokyo: Nikkei 34,286.94 (~45.94) LONDON MONEY

closing 13装% (13鞋-13指)

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

West chided over aid to Poland

By Robert Mauthner, Diplomatic Correspondent

A SHARP warning that the stand aside to see what hap-reform movement in Poland pened in Eastern Europe. Mr reform movement in Poland was likely to collapse within the next 12 months if the West failed to adopt co-ordinated aid measures very soon was given yesterday by Mr David Howell, chairman of the House of Com-mons' Foreign Affairs Commit-

Mr Howell, a former British Mr Howell, a former officer Minister, chided Western gov-ernments in a speech to the Royal Institute of International Affairs in London for being too hesitant in their response to this extraordinary new situa-

tion" in Eastern Europe.
West Germany was the one country that seemed to understand the magnitude of the challenge and the need to act quickly. "Mr Bush's step-bystep strategy strikes me as falling well short of what the situ-ation requires," Mr Howell

OST Frenchmen claim to enjoy good health, and by and

large, the figures seem to con-firm their belief.

Life expectancy for men is now 72 years and for women over 81; for both men and women, life expectancy has

risen by well over two years in

the past 10, and is currently rising at an average rate of 0.3

years per annum.
The main reasons for this

lengthening life expectancy. which emerges in a national health survey published by the

government this week, include a marked reduction in perina-

tal mortality and a long-run-ning decline in deaths from traditional infectious diseases.

But there are blacker aspects to the picture: AIDS has

become a worse scourge in

France than in any other Euro-pean country, deaths from can-cer are rising, especially lung cancer, and the suicids rate

has risen steeply, overtaking

even France's unenviably high rate of road deaths. Since the first case of Alds in

France was detected in 1978, the disease has spread at an

alarming rate: 200 cases in

1984, 500 in 1985, 1,100 in 1986, 1,900 in 1987, and 1,835 in 1988.

Howell said that, on the contrary, the western response should be "to help massively and urgently in every practical

way."
For 40 years the West had spent huge resources, not only on keeping the peace in Europe, but believing that one day the divisions in Europe would end and that freedom and democracy would be restored throughout the continent. "Do we now stand by out of nervousness about meeting." of nervousness about upsetting the old patterns or for want of a clear plan and allow these

a crear plan and allow these governments to fail?"
Among the urgent steps advocated by Mr Rowell to help the "reforming nations" in Eastern Europe such as Poland and Hungary were the postponement of further interest on existing debt and the Vigorously rejecting the provision of more hard curview that the West should rency resources. In contrast

> At the beginning of this year, the number of cases was doubling every 13 months, and

> in absolute numbers, France is the most seriously affected of

Black spots in French health picture

Life expectancy is up, but so is the suicide rate, Ian Davidson writes

with the past, when borrowing by East European countries was mainly to finance "official" investments, future borrowing should be primarily to create market economies.

The inevitable consequence would be a sharp reduction in real incomes as prices were allowed to rise to world levels. But if price structures were liberalised and the newly injected eraised and the newly injected purchasing power was matched by both tight control of the money supply and careful import policies, the additional inflation which some experts predicted could be avoided.

Unless this inevitable "stage of pain" was short and seen to lead to better living conditions the governments of Poland and Hungary would be undermined. The West must send a clear signal to the Eastern Engagement contaction that these European countries that they could escape from "the trade maze in which had been

entrapped by history." Trade agreements of the kind which already existed between the European Community and some Eastern European countries were not enough. The should join the European Free Trade Association (EFTA) immediately and that a new deal should then be negotiated between EFTA and the EC

was virtually unreformable from top to bottom. While there was a burning wish in Moscow to change everything, the response to perestroiks outside the capital was mostly

other Western countries, such as the US, Britain and Holland,

where lung cancer deaths have

been on the decline, partly as a result in reductions in tobacco

tar and increased use of illiers; whereas giverage tar levels in

French cigarettes are higher than in other countries.

increased in France during the past ten years, and is now a significant element in the overall mortality figures, accounting for 13 per cent of deaths.

In 1970, the French suicide tate was 15 per 100,000; today it has risen to 21 per 100,000, well

above the European average.

It is particularly prevalent among the young, with whom it is the second cause of death (887 in 1996) after traffic deaths (2,928) but before cancer deaths

Solitude, or lack of "social

integration", appears to be a major factor: suicide is two-to-

three times as frequent among the backelors, the divorced or

the widowers as among mar-

ried people.

Unemployment is another recurrent factor in suicide,

The suicide rate has strongly

should be explored.

Mr Howell was noticeably less convinced about what action the West should take to help Mr Mikhail Gorbschev realise his economic reform programme. He felt that the existing structure of the Soviet Union — "a ramshackle assem-bly of socialist republics" —

Solidarity ministers have uneasy first day

By Christopher Bobinski in Warsaw

IN ministerial buildings. throughout Warsaw yesterday morning, rulers and ruled eyed each other nervously for the first time, as Poland's new Solidarity-dominated govern-ment began its first working

day.

And by yesterday afternoon, ministers were displaying relief that the day was coming

relief that the day was coming to an end.

"We all look a bit queasy," said Mr Alexander Passynski, Solidarity's new Building Hinister, as the cabinet gathered for its first meeting at the Council of Ministers building. The implication was that discovering one's way round the bureaucratic ropes in Poland is not been easy.

Mr Passynski confirmed that he had not yet taken any decisions. He also admitted that he was still puzzled by the tangle of phones on his desk.

Mr Jacek Huron, a veteran dissident, who spent most of the 1970s defending workers' rights, did not look too happy either.

He passed his office at the

either.

He passed his office at the Labour Ministry trapped in a suit and a regular job. A driver had come to pick him and his newly acquired briefcase up at around sam, still a civilised hour, but rather late for the ministerial day, which is supposed to start at Sam.

He Isabella Cywinska, a theatre director from Pognan theatre director from Possess and now quits suddenly the minister of culture, revealed with little enthusiasm that the

day had brought her a lecture on compact discs about which she now knew everything there was to know. Most relaxed of all was Gen Creslaw Kiszcznk, the Communist interior minister, who drove himself up to the Cabinet meeting in a Pengeot 265. But he has had his job since

The Government had already met en bloc once during the day to hear Gen Wolciech Januzelski, the President, tell them that he supported the policies outlined by Mr Tadeusz Mazowiecki, the Prime Minister, in his speech on Tuesday.

on Tuesday.

Mr Matowiecki had clearly signalled that his government was intent on moving towards a Western-style democracy, and Mr Leszek Balcerowicz, the deputy premier in charge of the economy, repeated the message to a Euromoney conference taking place in Warsaw, which was, however, disappointed not to hear any

details.

These are still to be worked out, but the first warning runbles came from the OPZZ, Poland's established unions, which claim a membership of which claim a membership of over 6m, who warned yester-day that they would not stand fully by in the face of threat-ened unemployment, a fail in industrial output and the pri-vatisation of the state sector, all of which had been men-tioned as likely by the Prints Minister. Minister.

"Of course we'll be privatis-ing," said Mr Marcin Swie-cicki, the new foreign trade minister and a Communist Party deputy as he went into the Cabinet meeting.

of army to quash unrest Mr Borls Yeltsin, the maverick Soviet politician, has predicted on his US tour that Moscow will pass a new law to han mil-"a crime against the people of

Yeltsin expects ban on use

itary repression of domestic maisings, Beuter reports from Chicago. the USSR.

Mr Yeltsin, who has sharply criticised the pace of President Mikhail Gorbachev's reforms, also said negotiations were under way in the Soviet Union to cut the size of the army. He told a news conference that legislation preventing In April, 20 people were killed when Interior Ministry troops used shovels and poleon deployment of troops against divilian protesters was "very

The military should be for-bidden from quashing any

Soviet authorities have deployed troops in several regions to curb a wave of eth-

gas to break up a nationalist demonstration in the Georgian capital; Thilist.

Mr Yeltsin, who met Presi-dent George Bush in Washing-ton on Tuesday, said Mr Gorba-chev's new policy of openness

was under attack in the Soviet Union. "Glasnost has been rolling back for the last two months," the radical parlia-mentarian said in a speech in mentarian said in a speech in Chicago on Tuesday.

Mr Yeltain also predicted that German reunification would take at least a decade and said it was "significant" that Mr Yegor Ligachev. a Kremita hardinar, was visiting East Berlin after more than 12,000 East Germans had crossed to the West across Hungary's open border.

At his meeting with President Bush, Mr Yeltain asked for bely to save the parestrolka restructuring programmie.

Russian workers' congress set up in backlash to perestroika

IN A fresh manifestation of resistance to perestrolka con-servative Russian workers have set up an organisation to oppose the rising tide of nationalism and radical eco-nomic reform in the Soviet

The move was reported yes-terday by Sovietskaya Rossiya, the Communist Party newspa-per of the Russian federation, one week after the founding congress of the so-called United Front of Workers of Russia was held in the Siberian

city of Sverdlovsk.

The group has brought together Russian-speaking movements from the Baltic republics, with conservative workers from the Russian heartland. They are concerned about the wave of nationalism and calls for greater autonomy spreading from the Baltic republics to Soviet central

Only 110 delegates from 29 industrial centres attended the

congress, but it still represents an ominous sign for Mr Mik-hall Gorbachev of conservative forces beginning to organise against his policies. against his policies.

At the same time, the working class seems to be poisrising, with new workers' organisations demanding faster economic change also springing up, along the lines of the miners' strike committees last too far.

miners' strike committees less July.

The weekly Moscow News newspaper reported yesterday that Metro underground railway workers in Moscow, Kharkov and Minsk had formed a "general strike committee", aithough they were not intending to hold a strike.

The idea is to formulate damands for better pay and

demands for better pay and working conditions - and the fact that they have set up their own strike committee is yet another damning vote of no

confidence in the official trade unions.
There are growing fears that the ordinary railway workers may be contemplating strike action, although inhers' lead-ers claim this is largely being instigated from above — as a "provocation" by conservatives in the party bursqueracy, try-ing to prove that the whole lib-eralization process has gone

Last July Mr Gorbachev warned that railway workers were contemplating a strike on August 1, but it never material-ised.

The run-up to next week's vital Communist Party central committee plenum in Moscow, to discuss the whole gamm of ethnic relations in the Soviet Union has sparked off new nationalist strike action in Abkhazia, the region of Soviet Georgia demanding autonomy.

In neighbouring Armenis, a severe petrol stortage caused by the weak-long strike in Azerbaijan has Brought most transport to a halt.

EC telecom ministers fail to agree

By Hugo Dixon EUROPE'S telecom ministers failed to break the deadlock over how the Community's telecommunications markets should be liberalised at an informal meeting at Antibes in the South of France earlier this

France, which is president of the Council of Ministers until the end of the year, had con-vened the meeting in the hope of making progress on two con-troversial directives being pro-moted by the European Commission. But the council broke up without any agreement over the main issue of whether and when there should be competition in basic data communica-

The ministers did agree, however, that the market for value-added services - a cate-gory which includes electronic mail and remote access to data banks - should be freed up as soon as possible. Progress was also made on promoting co-operation over advanced services between Europe's telecoms organisations and on creating a common market in postal

services.
Three separate views were expressed on data communica-tions. The UK and West Germany said there should be complete liberalisation before 1993; the Netherlands and Denmark said the markets should be freed up at the beginning of 1993; and the remainder, led by France, argued that countries should be allowed to maintain a monopoly over these services indefinitely.

There was also disagreement on a related directive designed

to harmonise telecoms services. Most ministers objected to the Commission's approach of forcing through the liberalisation of data communications without allowing member states to vote on it. They there-fore agreed that a trolka, con-sisting of France Conlore agreed that a troks, con-sisting of France, Spain and Ireland, should negotiate a compromise with the Commis-sion, though there seems little sign of achieving this.

Separately, France proposed that Europe's telecoms operators should pool their expertise on advanced services such as a programme for developing multi-media terminals like pic-ture phones under the Eureka

Ministers gave preliminary agreement to broad plans for postal services, which would involve maintaining a monopoly over the basic letter service but allowing competition on new services such as express

any European country, with 60 new cases declared each week. Homosexuals account for roughly half of the cases, as they have done since the begin-ning, but drug addicts are an increasingly important victim group, accounting for 20 per cent of cases. Lung cancer deaths

are starting to increase among women, and are likely to increase further in future

Though the report does not hazard a guess why France should be so badly hit by AIDS, it does estimate that the number of people who are seru-positive may be between 150,000 and 300,000, or one Frenchman in every 250. Death from cancer is increas-

ing steadily, and is now the main cause of death between the ages of 25 and 64 (39 per

By John Wyles in Rome

MR Arnaldo Forlani, the Christian Democrat Party (DC)

leader, is attempting to close a

damaging breach between his party and the Catholic Church which, among other things,

marks something of a rupture in the Church's relations with

its favourite son, the present prime minister, Mr Giulio

Having once ruled the city, the Church's residual proprie-

torial instincts have been clearly revealed this year as gravely offended by the mediocre administration afforded the city over the last

four years by a coalition of par-

ties led by the Christian Demo-crat faction controlled by Mr

cent), far ahead of heart dis-ease (21 per cent). Cancer is a much more important cause of death among men (28 per cent overall) than among women (20 per cent), and has risen steadily over the last 35 years.

This is mainly because of the steep vise in deaths from lung cancer among men, which rose from 11,000 in 1970 to 20,000 in

Among women, destits from cancer have been declining slightly, because cancer of the stomach or uterus has declined more steeply than the rise in

breast caricer. Lung cancer deaths are starting to increase among women, however, and are likely to increase further in

Smoking by men has more or less stabilised, but it is increasing among women of all ages. One women in five was a smoker in 1987, one women smoker out of every three cours of smoker out of every three cours. smokes over 20 cigarettes a day, and among young women (12-18 years old) smoking is as frequent as among young men (one in three). The report underlines the

Third World.

contrast in attitudes to smok-ing between France and some

By July, the Vatican newspa-

which shows up particularly strongly in northern and west-ern France. Forlani tries to mollify church

place on Tuesday.

per, Osservatore Romano, was complaining of "the croeping degradation" of the city campaign was the clearest pos-sible warning that the party in which was "getting worse By that time, Mr Pietro Giubilo, Mr Andreotti's choice of mayor had been placed under judicial investigation for his endorsement in the run-up to the elections. handling of school means com-

At the end of July, President Francesco Cossign had dis-solved the city council as a prelude to local elections on October 29

Whatoever Mr Giubilo may lack it is not cheek, and last week the head of the Italian Bishops conference, Cardinal Ugo Poletti, was moved to pub-licly reprimand the former His apparent opposition to

their involvement in the DC's Rome should not count on receiving the the Church's tra-ditional sintilar coded public

At a meeting with Cardinal Poletti today or tumorrow, Mr Forlani is expected to stress that the DC hopes to run an impeccable candidate for mayor, the former Minister of the interior, Mr Oscar Luigi Scalfaro. Similar moves by all of the

major parties to promote prom-inent (and non-Roman) mayoral candidates suggests that they are hoping that a presidential contest will overcome

Norway's election heralds a constitutional dilemma

By Kareh Fossii in Oslo

ONE OF THE first issues facing Norway's new parlia-ment (Storting) when it con-venes in October may be a pro-posal for a constitutional change.
There are new moves for an

amendment to allow elections to be called outside their regu-larly scheduled four-year inter-

val.

The Norwegian constitution is the only constitution of a European democratic parliamentary system which does not allow elections to be called between the four-year fixed elections and two attempts failed to change this.

It means several minority administrations have tried to govern, making ad hoc deals from time to time with different parties. The confused out-come of Monday's general election, which has yet to decide who will govern the country for the next four years, is no exception.

For whichever party is to rule, the existing Labour Gov-ernment or a centre-right coalition headed by the Conserva-tives, it will do so as a minority Governments come and go during the next four years. Polarisation of the main political parties is likely to slow decisions on major long-term policies such as EC membership.

The proposal to amend the constitution was tabled in the

constitution was tabled in the Storting last September by Mr Kaare Willoch the former Conservative prime minister. It allows a Government to call an election after a vote of configures has been demanded by dence has been demanded by the Storting. In 1972 a similar proposal

failed for lack of a necessary two-thirds majority to see it through. Two other sitempts call for the Storting to dissolve itself or to be given the power to call for new elections.

"My proposal allows restrictive use of such a mechanism

for it would not allow the Gov-erment to call for elections under any pretext. It would only be in the instance when a majority in the Storting opposes what the Govern declares necessary," said Mr

Experts agreed yesterday that the proposal is more likely to be reviewed by a special

Uncertainty over BNL capital boost

By Alen Friedman in Milan THERE WAS growing uncertainty in Bonne last night over why Istituto Mobiliare Italiano (IMI), a cash-rich state bank, falled to proceed with plans for an expected 51bn emergency recapitalisation of Banca Nazionale del Lavoro

(BNL).
A meeting of Diff's board of directors was expected yester-day to approve a plan to sub-scribe subordinated loans for BNL in order to ensure a speedy recapitalisation of the

Mr Luigi Arcutt, chairman of IMI, informed his board that there was no reason to take any decisions about a BNL cap-ital injection. IMI last night said it could make no further

comment on the matter.

BNL has been ordered by the Bank of Italy to act quickly to improve its inadequate capital ratios in the wake its new iraqi loan exposure. This exposure is the result of the disbursing of \$1.7bn of unauthorised Iraqi export loss by RNL's branch in Atlanta, Georgia. In addition Iraq is demanding that BNL hand over a further \$20m of loans that were promised by the Atlanta staff, payment of which would increase BNL's total lead risk to \$25m.

The italian contral bank and Treasury ministry have been at work on a plan for IMI to subscribed subordinated loans.

subscribed subordinated loans Last night the BNL board began its first meeting since the resignation last week of Mr Nexio Nest, chairman, and Mr Giscomo Pedde, director-gen-eral, it was expected to discuss latest developments in the Atlanta scandal as well as its capital position.

Bankers hall Swiss move

THE Swiss bankers' association walcomed govern-ment proposals, currently before a parliamentary commission, to introduce legistainitial in introduct legisla-tion against money laundering. John Wicks reports from Zur-ich. Association president, Dr Clande De Saussure said it was a necessary step in the fight against drug-related crime.

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The Church's hitherto sup-pressed complaints came to the minority and be faced with major obstacles caused by a lack of support. If the new proposal fails, Norway is likely to see heveral being taken to a vote during the second or third sessions. surface in January when the Pope spoke publicly of the city's "two faces," one of which mayor for summoning a number of the Church's organisa-tions, including Caritas, the Catholic charity, to an election "The treasury is empty and the state sector is less effi-cient," he added, with a Thatcherite flourish. the electorate's discuchantment with party rule and its resembled "corners of the associated corruption.

Car makers warn of unbridled Japanese competition By Kevin Done, Motor Industry Correspondent, in Frankfurt

EUROPEAN motor industry leaders warned yesterday of the dangers to European car makers from the threat of unbridled Japanese competi-tion following creation of the single European market. They called for a transition period with continuing protection for at least five years from the end

Speakers at the Financial Times World Motor Industry conference in Frankfurt under lined environmental pressures facing the industry and the need to reduce pollution and ease urban traffic congestion. There were calls for global unity in standards and certification systems for motor vehicles.

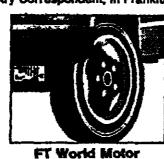
wehicles.

Mr Lindsey Halsteed, chairman, Ford of Europe, said there would be hig changes for the motor industry from the single market. The market would grow, and Ford was planning for a "sustained period of moderately enhanced growth". Also, there would be growth". Also, there would be a "flerce increase in competi-Traditional market leader-

ship by national champions will be challenged in Europe. in an effort to reduce home-base dependence, each com-pany will push into the mar-kets of the others. The Japadese are likely to be everywhere." The year 1992 would bring greater variety for the cus-tomer The motor industry was

facing the pressure of change.

Accurate long-term planning



Industry Conference was already difficult to

The biggest challenge would come from the arrival of Japa-ness producers. We are face to face with the extraordinary possibility that the manufacturers that will benefit most from the single European mar-The offer to give up existing import restrictions "should be conditional on the development of a fair degree of reci-procity from the Japanese". At some stage in the 1990s, the Japanese would be free to mount an assault on southern Europe from which they had so far been largely excluded.

The speaker questioned the wisdom of the British Government welcoming the setting-up of Japanese assembly capacity in the UK. "It has been argued that for every new job created in a Japanese plant here, 3.5 will eventually be lost from existing European manufacturers and suppliers."

The unified market would not become a uniform market. There will still be variations of customer taste and demand." There would not be a single currency, and the single European market would not end all border controls. Some end all botter controls. Some technical standards, taxation policies and insurance regulations would also continue to differ in Europe.

Ar Haymond Levy, chairman and chief executive of Remark, and the threats facing the

the European industry included the danger of a down-turn in the market from pres-ent record levels. "Signs can be seen that markets are slowing

There were desper dangers the industry was only beginning to recognise, to do with the very acceptability of the automobile and its effects on our environment, air poliution, noise, grower traffic congestion, safety. Since the citizent of Europe, our customers, have said they want clean cars, let's

Marketing costs were climbing as consection became flercer, with the attendant risk of a price war. Capital spending was ballooning and R&D costs were rising as new models were launched at closer intervala and the pace of technologi-

produce them".
Rising costs were a threat,

cal change quickened. Mr Elichi Kumabe, a managing director of Toyota, said Japanese car makers were moving management resources and authority overseas.



The Pursche Panemericans, a design study based on the company's Carrers 4, will amine its debut at the Frankfurt motor show

"Before long, our overseas operations will be highly inte-grated and highly indepen-dent."

Now that Japanese makers were building and operating car plants overseas, the highest possible level of local content was "in our own best interests". The quality and productivity levels of Toyota's plants in the US were at the same levels as in Japan. Mr Kumabe called for car makers in Europe, the US and Japan to push for global unity in stan-dards and cartification systems for motor vehicles, to get an efficient global market. Mr John F. Smith, General Motors executive vice-presi-

dent for international

operations, said the conditions in which the motor industry was operating were much becter than 10 years ago. Western Europe was poised for expen-ded economic opportunities and the US occitoriny appeared capable of avoiding a "hard In the 1990s, further cuts in vehicle emissions would be

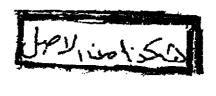
more difficult technologically and more expensive than gains already made. In North Amer-ica, car emissions of hydrocarbons and carbon monoxide had already been cut by 96 per cent, and exides of nitrogen by

78 per cent. Long-term growth markets for cars and trucks lay outside

Europe in the Asia-Pacific region and several developing countries. Gill forecasts for the North American market for North American market for cars and trucks ranged from 18m to 20.5m in 1998, compared with around 18.5m at present. There were already too many cars chasing too few buyers. With the build-up of 2.5m units capacity in Japanese valuete plants in North America, "the competitive hattle of the 1990. competitive battle of the 1990s will make the 1990s look like

child's play".

Europe would not see the same levels of over-capacity as in North America. GM expected vehicle sales in the Pacific Rim to grow to 12m tmits in the next 10 years from '9m



EUROPEAN NEWS

Delors seeks ways | Gonzalez to push through social charter

though they support the social charter too. Mr Delors warned, however,

that progress in the social field would have to be step by step. His social affairs commis-

sioner, Ms. Vasso Papandreou,

clarified that the Commission

would not try, via the social charter, to fix minimum wages

throughout the Community,

but simply urge that EC citi-zens all got decently paid. Before December, the Commis-

sion would produce new policy initiatives on free circulation

of workers, work hours, worker consultation and sex

equality in jobs.
Some of the UK Tory MEPs
who survived the June election

are sympathetic to some of the

policy measures, putting them at odds with their government. Mr David Waddington, the Tory chief whip at Westminster, yesterday held consultations with Tory MEPs and promised to try to help inversely and promised to try to help inversely and promised to try to help inversely and open and op

improve co-operation and con-tacts with British conserva-

tives in Strasbourg.

He said Mrs Thatcher had approved the bid by Tory MEPs to join the Christian

Democrats, and despite the lat-ter's rebuff of the Conserva-

tives, hoped that the two groups would co-operate closely.

Britain yesterday became the first country to sign a Council of Europe convention

against insider trading, on the

day the treaty was opened for signature for member of the

The treaty aims to speed up the exchange of information by national stock exchange authorities where they suspect trading has taken place on the basis of privileged inside know-

ledge.

The Council of Europe groups virtually all European countries, including the 12 members of the EC which is

well on the way to an anti-in-sider trading pact of its own. The mutual assistance machin-ery in the Council of Europe convention, which must be rat-

ified by three states to come

into force, could be extended to deal with crime or drug money

A CONTROL OF THE CONT

23-country organisation.

By David Buchan in Strasbourg

THE European Commission, spurred on by pressure from Socialist Euro-MPs, yesterday said it would go as far as legally possible to push social legislation through by majority decision of EC states, rather than unanimity.

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than unanimity.

Intervening in a European Parliament debate, Mr Jacques Delors, the Commission President, said that "having heard the message of the Parliament, we will try to interpret as broadly as possible" EC treaty provisions allowing certain labour health and safety measures to be decided by majority vote. "We will test the Twelve to see if they are in agreement," he added.

The UK government, in trying to head off social policy moves which it feels are either unwise or best left to nation states, has been relying on other treaty provisions which require unanimity among the Twelve for measures affecting the position of individuals. By the UK definition this includes citizens work conditions.

citizens work conditions.

But Mr Glyn Ford, leader of
the 45-strong British contingent within the Socialist bloc. opened up his group's expected drive in favour of the Commission's proposed social charter of workers rights.

He said it would be better to have 11 out of 12 leaders ratify a proper charter at the EC summit in Strasbourg in December than to water it down for the sake of a twelfth

The 180-strong Socialist group, urged on by the British Labour MEPs, who after the June Euro-elections form the largest single national contin-gent, have threatened to obstruct business de regulation laws unless they get satisfac-tion on social policy this year. Without a social dimension, the EC single market will simply "free hig business to charge high prices, offer low wages and destroy the environment," Mr Ford claimed.

But the 121-strong Christian Democrats, the Parliament's second-largest group, seem very disinclined to follow the Socialists into holding internal market legislation hostage, laundering.

receives economy

By Tom Burns in Madrid

dropped sharply in August, reversing its previous upward climb, to give Mr Felipe Gon-

in just over six weeks.

The governing Socialist party's electoral platform was further boosted by figures showing that the number registered as unemployed had dropped by 20,382 last month to 2.4m or 16.6 per cent of the active labour force, the lowest proportion since 1982.

ish economy began to take off, the number of people employed has increased by an

months of this year.

The upbeat picture was completed by Mr Carlos Solchaga,
Economy Minister, who
claimed that monetary and is

Mr Solchaga said in view of improved indicators on consumption and money supply, he did not believe further credit squeezes were needed this year. He denied that elections had been called for next month, seven months early, in order to impose strict eco-

slowed to 6.6 per cent. The Economy minister said indicators such as car registraalthough others, such as a 7.8 per cent growth in electricity

moduct will grow by 4.1 per cent in the second half of this year against an overheated increase of 5.1 per cent in the first six months.

boost from

SPAIN'S inflation index zalez, the Prime Minister, a handy campaign weapon as he prepares for general elections in just over six weeks.

proportion since 1982. Since 1985, when the Span-

average of 346,400 a year and by 190,700 in the first six

cal measures introduced since the begining of the year to cool excessive domestic spending were now taking effect and had put the Spanish economy on course for a soft landing.

order to impose strict eco-nomic discipline afterwards. The consumer price index in August rose by just 0.2 per cent, by far the lowest monthly increase this year and a sharp contrast to a 1.6 per cent leap in the index in July. The annual inflation rate

tions and petrol consumption pointed to a drop in spending, use in the first seven months of the year, point to sustained industrial activity.

Mr Solchaga's department forecasts that gross domestic

E German 'privateers' hobbled by state Leslie Colitt reports on the difficulties of being an Eastern bloc entrepreneur

R Günter Nelle, the owner of a lock-smith's shop in Leipzig offered a "small entrepreneur's view" on how to reform the East German economy and stem the mass exodus of discontented citizens to the

We need to pay higher wages for better work and to put workers under some pres-sure," he said. "Of course, higher pay would mean having

to offer more and better con-sumer goods."

Clad in grease-streaked blue overalls, Mr Nelle spoke in his dingy workshop about trans-forming the centrally-planned and subsidy-ridden economy into one based on achievement. He and the other private tra-desmen and shopkeepers in East Germany could provide the initiative needed for future economic reform. Unlike other East European countries, East Germany never wholly eliminated the private sector.

nated the private sector.

East German factories, he said, had to be able to "get rid" of lazy workers who enjoyed lifetime job security. "They have got used to a system where nobody loses his job for being late, feigning illness or fooling around."

He pointed to an unfinished new building across the street which was to serve as the planning headquarters for a large state engineering company. Construction began five years ago and the end was still not in sight. "The building workers doodle around and play sick and still get their 1,000 Marks (£325) at the end of the month.

No one is responsible and why should they be?"

Mr Nelle said that unlike West Germany, the Melster (foreman) in East German fac-tories had "absolutely no influence" over his workers. He scarcely earned more than they did and was anxious to keep them satisfied lest they make life difficult for him or run off to another plant. In West Germany either one did the job properly or "out you

East Germany's 112,000 pri-vate tradesmen and 75,000 private shopkeepers and restaura-teurs (there were still 423,000 in 1960) do well in a permanent seller's market for their goods and services. In East Berlin private plumbers and car mechanics refuse to make slipped a DM50 note. Many of them own two cars, a summer

re-elected party chairman with

his lowest score in 16 years,

the Chancellor has re-estab-

lished his hold over the party. Mr Spath, who has led criti-

cism of Mr Kohl's sacking last

month of Mr Heiner Geissler as

CDU general secretary, was

voted off the party's highest-

level executive board on Mon-day night. His ejection, thought to have been closely co-ordinated with Mr Kohl's

supporting faction, ends specu-lation that he could dislodge

Mr Kohl as leader before the December 1990 election.

The conference closed with a

strong demand, led by Mr Wolf-

gang Schäuble, the Interior

Minister, for a tightening of West German laws on asylum-

seekers flooding into the coun-

try. Unusually lengthy debate on the environment testified to

the CDU's newly strengthened

ecology commitment.

house and take expensive ing a lock and the Marks 60 it cruises to Cuba in the winter. The number of private tra-desmen and shopkeepers is expected to expand by more

than 3,000 this year as the government attempts to reverse the closure of workshops and stores by retiring owners. The new small-scale private businesses are given a one-year tax

Many have simply given up and emigrated or escaped to the West, leaving behind permanently shuttered shops

holiday and cheap loans for machines and equipment. But the privateers remain hobbled by rigid price and wage limits and enormous materials prob-

Many have simply given up and emigrated or escaped to the West, leaving behind permanently shuttered shops. Mr Nelle said the state paid him the difference between the Marks 20 he was allowed to charge a customer for install-

cost him. The materials he bought from the tradesman's co-operative were also subsi-

dised by up to 50 per cent. Of course it would be better for the state not to subsidise his work and to allow him to charge higher prices he suggested. For every Marks 100,000 in sales he made to the population his taxes fell by up to 30 per cent — from a 90 per cent upper limit. Last year he paid taxes of between 40 and 50 per cent on a turnover of nearly Marks 300,000.

Mr Harald Kickeritz, owner of a bicycle repair shop in a tiny basement nearby, got a state loan to expand but was unable to get building materials. His main complaint, though, was that he only received 25 per cent of the materials promised to him this year. "Probably it was exported" he said dryly.

Until 1986 he was allowed to charge no more than the low, pre-war price for a bicycle repair. Then he was given an 11 per cent state subsidy which was raised to 18 per cent and is now to be boosted to 23 per cent while the consumer still paid the pre-war price. "We need competition, a

market-oriented economy and less plans," he suggested, noting that he could only buy materials from one co-operative wholesaler. Young people were leaving in droves because they wanted to travel and could not afford the good

things in life, he said. No one was luring them over to the West as the media claimed. "West Germany lost the war too and look what they have? My wife and I earn Marks 2,000 a month and a colour television costs us three months wages. My counterpart in West Germany earns Marks 3,000, pays DM1,200 for a television set. But I'm 43 and wouldn't want to start all over

Both he and Mr Nelle agreed that the exodus from East Germany was largely economically motivated - the 15-year waiting time for a car, poor supplies of many consumer goods and lacking services. "It's not a question of being unable to say what you think. Everyone speaks out openly today," the locksmith said. As to the future of private enterprise in East Germany, it could be bright, he predicted, if "cer-tain" political restraints were

munity in negotiations the two men have been holding in

Nicosia since last September.

They have also held a num-ber of joint meetings in New

York with Mr Perez de Cuellar

to report on progress and a fur-ther meeting had been sched-

But Mr Denktash said in

Angust he would not negotiate

on the basis of ideas put for-

ward by Mr Perez de Cuellar, instead of by the two princi-

Mr Perez de Cuellar told

nature by saying: "There is no

table and no paper."

uled for this month.

pals themselves.

Kohl tightens his hold on West German leadership

By David Marsh in Bonn

MR Helmut Kohl, the West German Chancellor, has emerged in a strengthened position from the annual con-ference of his ruling Christian Democratic Union (CDU), after delegates rallied to their leader ahead of next year's bruising election campaign.

East German refugees from

However, a sign that party rifts may have been only tem-porarily healed came yesterday as Mr Lothar Spath, rebellious CDU Premier of Baden-Würt-temberg, said he would strike out for more independence. The Bremen conference was overshadowed by the flow of

and the state of the control of the

Hungary. This appears to have given Mr Kohl a political boost before his next test — a pros-tate operation, officially termed minor, for which he will enter hospital today. In spite of his poor showing on Monday night, when he was Yugoslavs protest over price rises

ABOUT 10,000 Yugoslav workers protested yesterday against 900 per cent inflation and threatened a general strike if nothing was done, Reuter reports from Belgrade.

Tanjug news agency said workers from factories in the Belgrade industrial district of Rakovica held a mass meeting and threatened a general strike if parliament did not come up quickly with measures to curb

"This is the last disciplined and organised gathering. If the situation doesn't change, we shall not retreat from general strike," Mr Milan Nikolic, a trade union leader, told the

meeting.
Participants sent telegrams to big factories throughout Yugoslavia urging workers to unite in struggling against pov-erty and inflation and to go on general strike if the situation did not improve, Tanjug said.

Denktash 'seeking UN meeting' over Cyprus sented the Greek Cypriot com-

MR RAUF DENKTASH, the Turkish Cypriot leader who recently rebuffed a United Nations document containing ideas for resolving the Cyprus problem, has asked Secretary General Javier Perez de Cuel lar for a meeting, a source said yesterday, Reuter reports from

the United Nations. In a letter last Friday, Denktash asked Mr Perez de Cuellar to set a date to discuss "recent developments," the source said. The secretary general is expected to reply shortly.

Mr Perez de Cuellar returned

to his office yesterday after an absence abroad when he met Cypriot President George Vassiliou at a non-aligned movement summit in Belgrade. in late July the secretary general sent an informal pape

Mr Vassiliou, who has repre-

Reuters during a recent interview that he did not think he and Mr Denktash "understand each other very well on what...I meant" when he floated his ideas. Asked whether his paper remained on the bargaining table, he stressed its informal containing constitutional and other ideas for a Cyprus solu-tion to both Mr Denktash and





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IMF calls on G7 countries to step up economic co-ordination

By Peter Norman, Economics Correspondent

THE International Monetary Fund has urged the leading industrialised countries to intensify economic policy coordination to help improve the world's economic performance and the functioning of the international monetary sys-

In its annual report released last night, the IMF said fiscal and structural policies should play a full role in the co-ordination proces

"Although fiscal and struc-tural policies are more difficult to make consistent than mone-tary policies, they are integral to effective co-ordination," it

The report, which reflects the consensus view of the IMF's executive board, said coordination is most effective when it is "continuous, rather

The IMF provides the eco-nomic indicators used in the meetings of Group of Seven finance ministers to assess the mutual compatibility of their economic policies.

The fund's annual report gives a brief review of how the indicator exercise has evolved since it was launched at the Gr's Tokyo summit in May.

1986.

The IMF said that the list of indicators currently used is

Tokyo decision.

the significance of the com-modity price index, which was proposed two years ago by Mr The Soviet Union should be offered membership of the International Monetary Fund James Baker, the former US as part of the West's effort to Treasury Secretary, amid much media ballyhoo, as an indicator of future price develencourage the economic reforms led by Mr Mikhail reforms led by Mr Mikhall Gorbachev, according to a study released by the Washington-based Overseas Development Institute, writes Lionel Barber. The authors, Mr Richard Feinberg and Ms Catherine Gwyn, said the Moscow needs guidance on money, banking, price reform and exchange and trade relations, and that the

smaller and more specific than

that drawn up at Tokyo. It includes growth of real gross

national or gross domestic product: growth of real domestic demand; the GDP

deflator; general government financial balances; current

account balances; gross private investment and primary com-

Omitted from the latest list

are unemployment, interest rates, money growth rates,

modity prices.

opments. The annual report also disclosed an increase to 11 from 9 in the number of IMF members with arrears of more than six months on obligations to the Fund in its last financial year to April 30. Such arrears increased to SDR2.8bn by the trade relations, and that the end of April from SDR1.9bn the West should take measures to integrate the Soviet Union into the world economy.

year before. The 11 countries were Somalia, Vietnam, Guyana, Liberia, Sudan, Peru, Zambia, Sierra Leone, Panama, Cambodia and Zaire. The IMF is currently working with Guyana, Somalia, Vietnam and Zambia to clear their arrears. Zaire settled its overdue obligations in

The IMF also played down

May.
The IMF's annual report offers no new forecasts of world economic developments. These will be published in the next edition of the Fund's World Economic Outlook during the annual meetings of the IMF and World Bank in

El Salvador rebels offer ceasefire

SALVADOREAN rebels yesterday offered an indefinite ceasefire to the Government, to begin before January 31, but demanded judicial, political and military reforms in return, Reuter reports from Mexico

City.

"Both sides have tested our forces on the battlefield," Mr Joaquin Villalobos, commander of the Farabundo Marti National Liberation Front told a news conference before peace talks with the Salvadorean Government began near Mexico City. "Now we have to test ourselves on the

ground of peace."
Mr Villalobos outlined the

nearly 10 years and claimed an estimated 70,000 lives. The FMLN will propose a joint truce to begin on November 15 at the latest and an indefinite ceasefire starting before January 31, on condition that the Government accept demands including trials and

Washington later this month.

UK investment outlook, Page 8

Washington later this month.

Mr Villalobos said: "We hope to reach an accord which will put an end to the war very soon."

punishment for human rights

Bentsen stirs up debate on US capital gains tax

JUST at it seemed that the Democrats were about to lie down and accept President George Bush's proposed capital gains tax cut, Senator Lloyd Bentsen of Texas has ridden to

the party's rescue.
This week, Mr Bentsen, a long-time supporter of a capital gains cut, unveiled plans to revive tax deductible individual retirement accounts (IRAs).
The move, he said, would give
a boost to savers rather than a
cut in capital gains for investors. And he warned the Bush Administration: "We can't afford both."
The Texan's intervention

may have come too late to stop the House ways and means committee this week backing a compromise on capital gains -sponsored by Mr Ed Jenkins, the Georgia Democrat - which would cut the rate from 28 per cent to 19.6 per cent for twoand-a-half years. Mr Bentsen wants to pro-

mote the need for consumer-addicted Americans to put more of their money into savings. American consumers put only four cents of every dollar aside as savings, compared with 16 cents in Japan," he said.
As usual, the Senate finance

committee chairman's timing is skilful. This week, Mr Micho-las Brady, US Treasury Secre-tary, launched a campaign to encourage individuals to save more and companies to borrow less. Mr Bentsen's says his plan is aimed at Middle America. This is a constituency which Democrats have sometimes neglected and the Texan, who may still harbour presidential ambitions, was careful to stress that his proposal would allow make the milks. would allow penalty-free with-drawai from IRAs to buy a first home or finance a college edu-

Under his plan, a person could contribute up to \$2,000 a year, and avoid current taxation on half the sum. Since the 1986 tax reforms, fully deductible IRAs have been available only to workers not covered by a company pension and to sia-gle people earning less than \$25,000 and couples under

The Joint committee on Taxation estimates that Mr Bent-sen's plan would cost \$1.2bn in sen's plan would cost \$1,200 in lost revenues, rising to \$40n by 1994. (Mr Brady, however, says it would cost \$150n over the next five years).

Menem paves way for telecoms sell-off

By Gary Mead in Buenes Aires

PRESIDENT Carlos Menem has signed a decree permitting the privatisation of ENTel, Argentina's state-owned telecommunications company.

ENTel is the first of a num-ber of loss-making nationalised upanies to be put up for sale by the Government, which is making privatisation a central making privatisation a central plank of its economic reforms.

The decree stipulates June 28 1990, as the date by which ENTel is to be in private ownership. Foreign huyers are not excluded from hidding, all bids must be in by November 30, and the Government will then adjudicate between them as from December 10.

The comment may remain as

The company may remain as either a single monopolistic entity, or be split into three regionalised portions, depending on the nature of submitted

hids.
Ten per cent of the shares in
ENTel are to be reserved for
the company's employees. A
minimum of 51 per cent of the
capital is to be in the hands of
the final purchaser, the rest to
be open to other trading inves-

● A \$460m two-part loan from the World Bank to encourage reforms of Argentina's banking sector - part of a \$1.252bn loan

by the World Bank last Octo ber - will not now be extended

ber - will not now be extended because of the time that has elapsed since it was originally agreed, according to officials familiar with the situation, writes Stephen Fidler.

However, a possible new financial sector reform loan of roughly the same amount is being considered by the Bank, although it is not yet agreed. The lapsed banking sector loan was originally agreed in March 1988 and then refashioned later in the year.

in the year. The World Bank in February suspended disbursements on a total of \$550m of sector reform loans after the Government failed to meet the conditions attached to them. Some \$150m of a \$220m trade policy learn of a \$330m trade policy loan

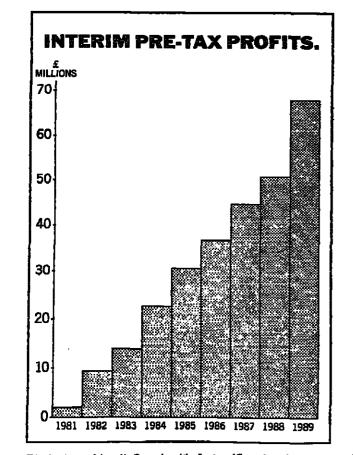
was paid out.

The remaining \$150m may eventually be disbursed, but that would depend on the Government meeting certain conditions. No recommendation is understood to have yet been

Made.

A further \$552m of slow-disbursing power and housing loans, agreed last October, are being paid out on schedule, but, unlike the other loans, their disbursement did not depend on the meeting of macro-economic conditions.

FISONS INTERIM RESULTS.



Fisons pre-tax profits for the first six months of this year were at a record level of £67 million, an increase of 33% on the same period last year.

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For further information please write to: Public Affairs Department, Fisons Plc, Fison House, Princes Street, Ipswich, Suffolk

Argentines find price of reform hard to swallow

Gary Mead reports on Menem's problems in the public sector

HAT there is no reform of an antiquated, bur-eaucratised state machine without tears and maginine without tears and anguish is a truth acknowledged by political leaders everywhere, from Mr Mikhail Gorbachev in the Soviet Union to President Carlos Menem in Argentina But the Argentine version of glasnost, introduced by President Menem after he took office on July 8, is hitting a serious hitch where he least wants it — with the voters.

His popularity in opinion polls - which give him more than a 70 per cent success rat-ing - is likely soon to come crashing down if he or his min-isters do not soon tackle growing annoyance over the small brown envelopes which regularly thud on to the front-door mat. They contain bills. Bills which people are beginning to say they will refuse to pay.

Bills for public services such as water, electricity, gas and telephone are served out on a monthly or bimonthly basis. It is now well known, even in Argentina - where ostrich-like disinclination to face nasty truths is an ingrained habit - that the public sector is in a state of near collapse. Taken together, public sector compa-nies this year are heading for a \$5.5bn deficit, leaving aside debts incurred in previous

decades.
President Menem's answer speared logical at the start of July; make consumers pay rates which actually bear some relationship to the cost of the services. Thus, on July 9 Mr Miguel Roig, then Economy Minister, announced increases of 600 per cent and more in all public sector bills and 1,000 and even 2,000 per cent for large consumers such as indus-

The nation winced, but President Menem's popularity did not dim. The overall sentiment was that, after all, he had to take desperate action to begin

take desperate action to begin the necessary reforms.

Those reforms include plans to sell most nationalised companies. But such is the entrenched opposition from trade unions and the politicians they indirectly sponsor that the sell-offs are gradually being watered down. Some companies will probably be being watered down. Some companies will probably be sold, such as the hopelessly expensive and inefficient telephone company, ENTel, the sale of which is now scheduled for June 1990.

Until then, consumers are faced with massive price rises. When they voted for Mr Menem in May, they could little imagine just how drastic some of those increases would be, nor how the mismanagement of companies such as

he, nor how the mismanagement of companies such as EMTel would actually worsen rather than improve. The chaos shows itself most clearly in the small brown envelopes.

"I want to know why my electricity bill has gone up from 1,000 australs (\$1.50) in May-June to 90,000 (\$138.50) in July-Angust," asked one irate friend. "We are never at home, since we both work long hours since we both work long hours doing several different jobs to make ends meet, and yet the bill has now gone up by 8,900 per cent. My neighbours' bills for electricity have only gone up by 3,900 per cent. Why have

I been singled out?"

That case is not atypical, nor is its aftermath. "We spent a day at the electricity company, complaining, but the final

response was that there is no mistake. They sent a company engineer who looked at our meter, when we were at work. He said to the porter that he discovered our meter was reg-istering less than our actual consumption but as a favour he would not alter it. As he walked off he said to the porter: "Tell them I will come

back this evening for my tip."
To compound the confusion, the same couple have just received their water bill for July-August. At the bottom of the bill where the final total is recorded are a series of zeros: in other words, they have officially used no water for the last two months. But they claim to wash, drink and flush toilets as regularly as anyone. They prefer not to investigate the obvious error in the wate bill, just in case a water-board official decides to land another 90,000 austral "adjustment" through their letterbox.

Such cases can be endlessly repeated, endlessly discovered. The water bill for the Financial Times office in Buenos Aires has just been increased by 15,365.5 per cent. Telephone bills are now among the most expensive in the world, up with Japanese and European

President Menem has announced that all state-run companies must balance their books, now. There is a growing suspicion that, rather than sort out ancient abuses and corrup-tions within their own realms, those in charge of such compa-nies have decided that the sim-plest way of fulfilling presiden-tial demands is to soak the consumer, above the stated increases if necessary. That widespread abuses exist is no longer denied even by government officials.

ment officials.

World Bank officials estimate that Segba, the Buenos Aires electricity company, regularly loses 24 per cent of its annual output. To make Segba's books balance — and thus attract private sector interest in buying the company — that 24 per cent loss must be made in buying the company - that 24 per cent loss must be made up somehow. Suspicion has it that it is being done by over-billing domestic consumers, who have neither the time nor the leverage to act against aggressively rude Segba bureaucrats.

Energy officials in the Ministry of Public Works (Mosp) admit that "there are gangs" in Segba, formally employees of the company but whose main occupation is to arrange black market connections to the electricity grid, for a suitable fee. Uncarthing those gangs "is a priority" for Mosp, but connivance at their illegal activity is widespread.

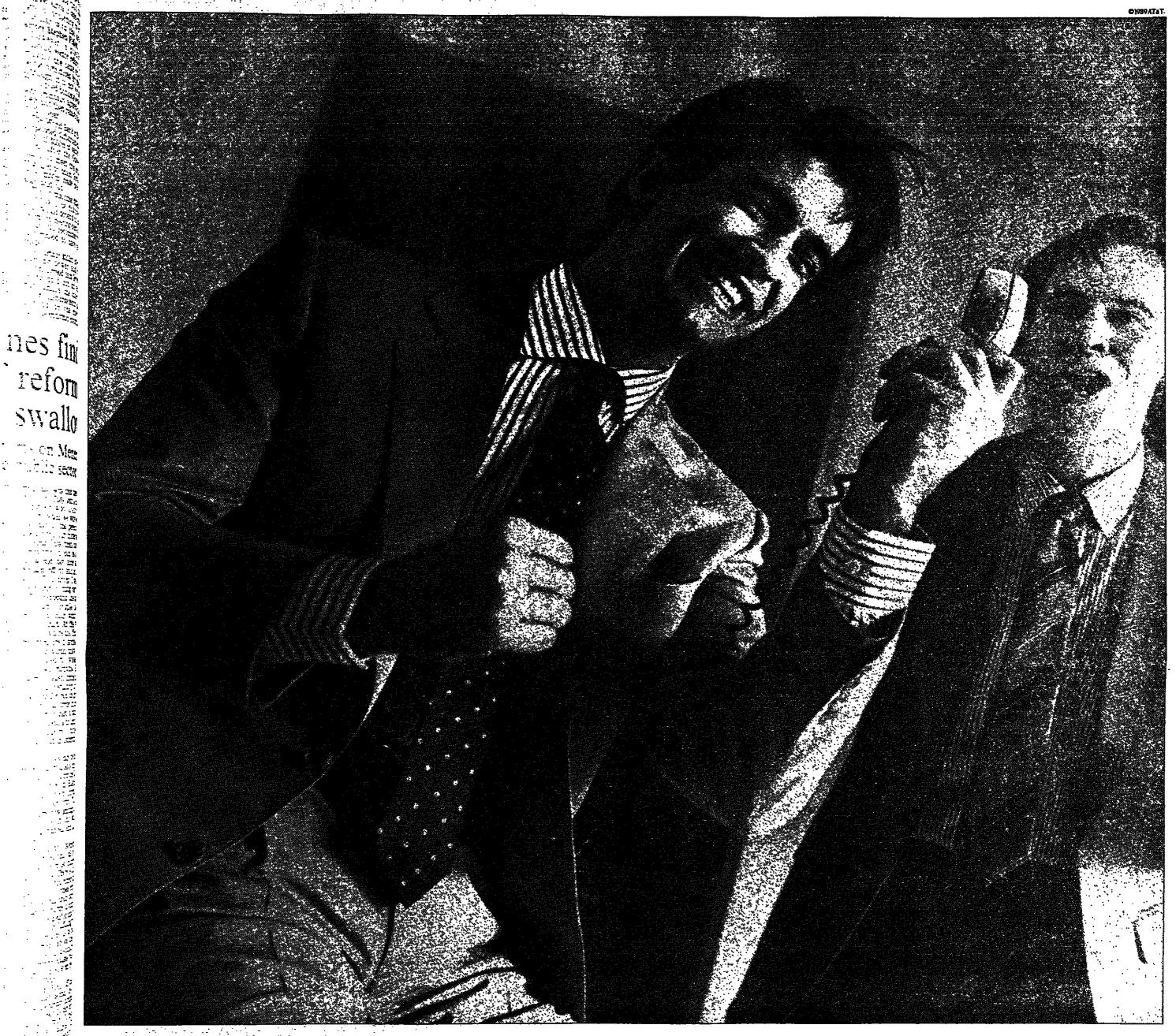
If you wish to protest against

If you wish to protest against obvious over-charging, you have every right to do so, if you have several days' spare to queue with the thousands of others intent on the same cause. Those thousands now have no real idea what their domestic bills should be. Nor can they turn to consumer watchdogs for assistance; such organisations do not exist. If you wish to protest, a final word of caution. Do not consider taking the company to

sider taking the company to court in a private prosecution. President Menem's Government has just passed legisla-tion which bans any such legal

ims selly

HE'S NOT IN THE STATES.



BUT HE DOES BUSINESS THERE EVERY DAY.

"Jack? It's Nigel. I hear you've got the goahead to launch the issue."

"Yes - if the terms are right."

"And are they?"

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"We've got the deal?"

"You've got it."

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WORLD TRADE NEWS

US emphasises Mosbacher threatens Japan on trade US investment in commitment to **Uruguay Round**

By William Dullforce in Geneva

MRS CARLA Hills, US Trade negotiators from the EC. Representative, yesterday stressed the importance the US attaches to success in the Uruguay Round trade talks and
tempered the recriminations
about a revival of protectionist
"Fortress Europe" sentiment
"Fortress Europe" sentiment
Gatt. With trade in services within the European Community which she delivered in Paris on Monday.

The US was siming in the Round for a "maximum package" of trade liberalisation from which everybody, including developing ing developing countries, would benefit, Mrs Hills told the Financial Times

he Financial Times.

Referring to her charges in 'aris against proposed Eurosean curbs on imports of semi-onductor circuit boards, cars and TV programmes, Mrs Hills aid she wanted such concerns off the board, so we can get 'are some key some key to meet some ke Paris against proposed Euro-pean curbs on imports of semiconductor circuit boards, cars and TV programmes, Mrs Hills said she wanted such concerns "off the board, so we can get down to the main task" of achieving a major trade liberalisation in the Uruguay Round.

She had spoken up in Paris because US entrepreneurs were troubled about France's tendency to impose local content rules, as shown in its recent attempt to block imports of Nissan cars made in Britain with 70 per cent British parts.

When 30 US electronic equipment makers voiced concern about EC rules forcing Japanese companies in Kurope to buy European, instead of US, circuit boards, she had to act to stop the discrimination.

US business was expressing "worries, not antagonism" to creation of a European single market. "I think everybody is better off, if I say we must talk about these worries, but that does not signal a crisis (in US-BC trade relations); it

should signal a solution." Mrs Hills will raise these issues with Mr Frans Andriessen, EC External Affairs and Trade Commissioner, in Brussels after stopovers in London today and Bonn tomorrow on her six-day European tour. Yesterday, she joined her private sector investment policy advisory committee in Geneva to examine the state of Uruguay Round talks aimed at reaching new international rules for foreign investment. The committee was briefed by

Japan, Argentina, Mexico and

Singapore.
The US has listed 13 condi-

and intellectual property rights

protection, foreign investment is one of the new areas the US

and other advanced nations

would like under Gatt control.

They are also subject to the stiffest opposition from devel-

oping countries, which see a challenge to their sovereignty and their right to plan their

US moves to meet some key

Mrs Hills said developing countries should be encour-

aged by US proposals to limit "safeguards" — emergency curbs countries can apply

under Gatt when domestic

manufacturers face an imports flood - and by a generous US offer to free tropical product

Textiles, which the develop-

ing countries seek to free from import quotas under the Mul-

ti-Fibre Arrangement, were a

sensitive issue in the US. Her office was working with the US industry and studies had been

commissioned, at which she would take "a hard look". The

US had already said it would

end arrangements curbing

steel exports on March 31, 1992.

After the passing of a US Trade Act, providing for retali-

ation against countries the US considers unfair traders, some

Third World diplomats expressed doubt about the Bush Administration's ability

to have Uruguay Round agree-ments approved in Washing-

maximum.

By Robert Thomson in Tokyo MR ROBERT Mosbacher. US impatience with aspects of Secretary of Commerce,

warned Japan yesterday that it would be at the mercy of the US Congress if acceptable progress on changes to the country's trade and distribution structure are not made by next

Regarded by many Japanese trade officials as their most formidable opponent in Washington, Mr Mosbacher emphasised the importance of the bilateral relationship, but showed his

Japan's pricing system which "don't make sense'

Japan's bilateral trade surplus has been consistently around \$50hn (£31bn), but Mr Mosbacher avoided focusing on the figure and, instead, echoed the US theme at last week's Structural Impediments Initiative (SII) meeting at which Washington portrayed itself as an advocate of Japanese consumers. According to the US Commerce Secretary, the "Jap-

anese consumer doesn't get a market in Japan". fair shake".

Pressed to say when the US began to develop its feeling for Japanese consumers, Mr Mosbacher preferred to offer the slogan "free trade, open mar-kets - that's what everything is about", which he repeated for the sake of the press conference in Tokyo.

He later referred to the "plight of the Japanese consumer", which is "a direct result of the lack of an open

Mr Mosbacher said that

while the US would not stand for foreign interference in its culture, cultural adjustments need to be made "in line with

Bilateral trade agreements should not be viewed as separate from the General Agreement on Tariffs and Trade but as measures "in conjunction with multilateral systems. We are strong backers of Gatt, we

Tokyo calls for freer foreign investment

JAPAN has called for countries targeted for foreign investment to remove restrictions on pro-jects, including abolishing local content requirements, which it argues act as an unfair restraint on trade, Robert Thomson reports from

Tokyo. The proposals are contained in a Japanese Government submission to a committee responsible for Trade-Related Invest-ment Measures (Trims) established within Gatt, which has decided to consider includ-

ing investment curbs in its framework. Japan argued that local content requirements be prohibited, along with demands that a specific share of products be exported, and that investment

projects balance their trade fig-

It also opposes quotas for technology transfer, along with governments' demands that investors restrict imports of certain components to encourage their local production. A Ministry of International Trade and Industry (Miti) official said the strongest opposi-tion is expected from developing countries hoping to strengthen domestic industry and not become merely an assembly plant for components

from the investor's home coun-

try.
Japan's proposal concedes
should take full that "we should take full account of the situations in each developing country", and that "although disciplines shall in principle be applied to all" Gatt members, "it would be

appropriate to provide developing countries with some excep-tions for certain limited peri-The official said the US and

Japan were the strongest sup-porters of the submission's ideas, while Britain should also be supportive and "it is case-by-case" for other countries. involved in the area because

Gatt should become more there were obvious infringements of free trade principles in the demands made by coun-

ment signed between the two countries. The agreement could also spark new talks between India and other OECD countries as it concedes to the US more

> royalty payments than is generally available. The US is India's biggest single foreign investor, with US companies putting in \$60m (£37m) of a total \$250m foreign investment last year. Indian government approval is still pending on two US projects worth about \$150m each.

favourable tax treatment over

US INVESTMENT in India is

expected to rise as the result of

a new double taxation agree-

India to rise after

double-tax accord

Under the new tax treaty, still to be ratified by the US Senate, industrial and copyright royalties will be taxable at source at a top rate of 20 per cent in the first five years after the treaty comes into effect, and 15 per cent thereafter.

Where the payer of the roy-alty is the government or a public sector enterprise, the taxable rate will be 15 per cent. 30 per cent tax on royalty payments. Some have made investments in India through subsidiaries in other countries to

obtain a lower rate. On Indian insistence, the agreement also provides that technical services provided as part of a licencing arrangement should also be subject to royalty payments. This marks an innovation in US tax arrangements with developing

countries.

A US official said the new treaty "should stimulate more activity and put the US in a more competitive position" in India. Several companies are understood to have been awaiting the outcome of the talks before concluding agreements with Indian companies.

The US began negotiating a double taxation treaty with India in 1959. Talks were seri-ously resumed after the US tax reform Act of 1986. The treaty provides a top tax rate of 15 per cent on dividends from a subsidiary to a parent corpora-tion and 25 per cent on other

Washington in two minds on tied credits

By Nancy Dunne in Washington

THE Bush Administration has again sought answers and ended up on the middle ground in its new policy on conces-sional trade financing

It is promising more aggressive use of a rarely-used \$100m (£62.5m) trade financing "warchest", plus an infusion of for-eign aid funds into commercial financing.

While supporting US exports with these "mixed credits", the Administration hopes to get its "trade-distorting" competitors to the bargaining table to agree limits on their use of such

The budget deficit which constrains spending in Wash-ington has prevented President Bush from asking Congress for new sums to match the financing offered by other govern-

If the US obtained a "maximum package", Mrs Hills said, she would happily take the But officials say the \$100m war-chest will allow the US results to Congress. With 15 areas under negotiation in the Eximbank to offer almost \$300m in "mixed credits", with Round, there could be many potential financing expanded further by foreign aid funds. variables in determining that

Two years ago, 22 of the 24 nations in the OECD agreed to limit concessional trade finance by raising the portion of aid allowed in a trade credit package to 35 per cent. Countries have mostly honoured the promise, but the number of tied aid offers has grown.

A US Eximbank report says some countries have been shifting their foreign aid resources from least-developed countries, to offer tied aid cred-its to middle-income developing countries that can repay soft loans. This worries American aid

officials, who since the 1970s, have focused on eradicating poverty and helping developing countries achieve self-sustaining growth. US foreign aid projects have shifted to small schemes focusing on food production, health and education. Such policies have con-trasted with those of US competitors who direct their aid to projects for developing electricity or transport systems. Sales and services provided to these projects have been increasingly offered on concessional terms,

The Bush Administration seems prepared to join in, reluctantly. Mr Nicholas Brady, US Treasury Secretary, and Mr John Macomber; Eximbank chairman, told Congress the Administration would consider if and how US foreign aid programmes might provide greater support for infrastructure and capital projects.

They had considered using the war-chest specifically to target export markets of countries that disagree with proposed US policy. But this "pro-vocative approach" was rejected "without evidence that countries are not adhering to the tied aid credit agreement or that narrow commercial interests are leading them to block co-operative multilateral solutions to the remaining tied aid problems".

With most countries committed to continued use of mixed credits, talks have, in the past, focused on tied aid credit

In reporting to Congress, the Administration said it believes progress may now be achieved

 effectively untying donor countries' aid programmes for capital projects: limiting the use of tied aid in problem sectors and/or mar-

• limiting the use of relatively low-concessional aid to certain proportions of donors total aid programmes; • requiring open competitive bidding for transactions below

a certain concessionality level; banning the late introduction of tied aid credits into project bidding

otherwise improving guidelines to enhance the develop-mental orientation of tied aid.

ented units. Should international talks not proceed expeditiously, the Administration will consider seeking extra funds after next expanding soft drinks market. ket. year, the officials said.

India shelves decision on Coca-Cola export plant

shelved a decision on Coca-Cola's proposal to set up an export-oriented manufacturing plant in India until after the elections. David Housego

reports from New Delhi. The proposal, involving a \$2m investment in the Noida export processing zone near Delhi, was made 10 months ago. Under existing Indian regulations, the government should have given a response within 90 days. Opposition to the proposal has come from the Ministries of Industry and Food Processing which oppose Coca-Cola being allowed to sell 25 per cent of its output on the domestic market, as is normally allowed for export-ori-

Coca-Cola, which wound up its operations in India in 1978, saw the export venture as a way of returning to the fast

THE Indian Government has Coca-Cola has also faced intensive lobbying against the project from Pepsico International, which was forced into making a \$15m investment in an agro-processing venture in the Pun-jab as the price of its entry to

the Indian market.
In the wake of the Coca-Cola proposal, Pepsico proposed plans for a new Rs70m (£2.6m) export-oriented project to enlarge its share of the domestic market by taking advantage of the 25 per cent provision. A decision on this has been deferred until after the elec-

Mr George Fernandes, campaign committee chairman of the Janata Dal main opposition group, said the opposition, if returned to power, would force Pepsi to quit India. Other opposition groups oppose foreign multinationals having a stake in India's consumer goods mar-



WJAGUAR SOVEREIGN. AS USUAL, WE'RE KEEPING IT QUIET.

normal or sport mode. One for unobtrusive, everyday driving. And occurred, certainly ... new analogue instruments ... greater colour harmony between facia, headlining and seatbelt. But rest assured, that plonous bland of traditional hide and rich walnut remains una

Hawke vows not to submit to pilots' demands

MR BOB HAWKE, Australia's Prime Minister, yesterday claimed the grounding of domestic flights had created a "national emergency", and vowed again not to submit to the "wilful, greedy and destructive" pilots pressing a 29 per cent pay claim

29 per cent pay claim. He was speaking as the country's two domestic airlines managed their first flights in three weeks, and as arguments raged over a Cabinet decision to compensate the airlines for wages paid out to other staff during the dispute. The two Melbourne-Sydney

flights - one by Australian Airlines, the other by Ansett were intended to begin a steady resumption towards full services and to inflict a psychological blow on the 1,600 pilots. who precipitated the ground ing by resigning their jobs en masse last month.

Mr Hawke said vesterday there had been a "break through" with the signing of new contracts by some "senior route captains" from the pilots' federation and announced that six aircraft were being leased from Europe. He said more pilots would sign up, and pre dicted that services would be up to 25 per cent of normal levels by next week.

Mr Hawke flatly rejected a fresh offer by the pilots' federa

tion yesterday to negotiate with the airlines. The federa tion said its members were pre pared to resume work immedi ately, starting on a 9am-5pm basis but extending from there. in exchange for genuine negoti

It insisted once again that none of its members had signed new contracts, argued that yesterday's flights would be flown by management pilots, and said the compensation scheme meant the airlines were now being funded by the

Under the scheme, the airlines will continue to pay employees rather than stand them down, and the Government will waive landing and other airport charges until their wages bill is met. The arrangement avoids direct



Hawke: 'national emergency compensation for the airlines and keeps staff available as more services recommence.

Yesterday it attracted loud criticism from the tourism industry, which is suffering badly because of the dispute and wants similar treatment, and from opposition politi-cians. Mr Andrew Peacock, the leader of the Liberal Party, lambasted the scheme as a disgraceful waste of taxpayers' money which set an "extraordi-

nary precedent". Sir Frank Moore, chairman of the Australian Tourism Industry Association, called yesterday for a government declaration of the aviation industry as an "essential ser-vice" to help get aircraft flying again. Mr Hawke is expected to eet a tourism industry dele-

gation today.
In a separate move a Sydney judge, hearing a damages claim brought by Ansett's East-West Airlines against eight pilots, offered to arrange a conference between the airlines and pilots.

If peace could be arranged between Egypt and Israel, he was quoted as saying. "it should be possible for someone in this country to get the aeroplanes flying again". He called the proceedings "a manifestation of an extraordinary and very serious situation".

Nujoma plans Namibia return despite Lubowski murder

By Michael Holman, Africa Editor

MR SAM NUJOMA, president of the South West Africa People's Organisation (Swapo) will return as planned to Namibia today despite Tnesday night's killing of a leading supporter, party officials said yesterday.

The widely condemned assassina-tion of Mr Anton Lubowski, a white lawyer who served on the party executive, has raised fears for Mr Nujoma's safety. Other supporters of Swapo, including the staff of a Windhock paper, have received death threats from what was described as a white extremist group.

The Namibian, a pro-Swapo news-paper with offices in Windhoek, said it had taken calls from a man speak-ing Afrikaans, who said that Mr Lubowski had been shot dead by a shadowy group of white right wing extremists called the Wit Wolwe (White Wolves). "He said that the Wit Wolwe were coming to get us and

spokesman for the newspaper said. Mr Nujoma, who has spent nearly 30 years in exile, will fly from Angola to what Swapo officials say will be the largest political gathering the ter-ritory has seen.

Additional security precautions were being taken in the wake of Mr Lubowski's murder. "We cannot and will not allow a state of anarchy to develop... if necessary steps will be

that we were next on the list," a spokesman for the newspaper said. It is a taken to strengthen the police," said Mr Louis Pienaar, the territory's

administrator-general. Police said Mr Lubowski was hit by eight rounds from an AK-47 assault rifle, a weapon widely available across southern Africa. He was open-ing the gate at his Windhoek home, when the shots came from a red Yolkswagen. So far no suspects have been detained.

alised in human rights case. Mr Lubowski angered many white Nami-bians when in 1984 he declared allebians when in 1984 he declared allegiance to Swapo, and took part in abortive settlement talks in Lusaka.

Mr Martti Ahtisaari, UN representative in Namibia, fiew to South Africa for emergency talks. "A peaceful transition to independence, too long delayed, cannot and will not be frustrated by the increasing desperate acts of a few extremists." A prominent lawyer who speci-

Chances of complete Swapo victory grow slimmer

Patti Waldmeir reports from Windhoek on prospects for November's constituency assembly elections

A FTER nearly 30 years in exile, the symbol of Namibian nationalism. Mr Sam Nujoma, returns today to Windhoek, the territory's capital shocked by the assassi-nation of Mr Anton Lubowski. The death of Mr Lubowski, a white lawyer who joined the South West Africa People's Organisation (Swapo) in 1984, dramatically underlined the risk to the party's leader. But in the run up to Nami-

bia's independence elections in November, Mr Nujoma, will be exploiting his aura of the liberation leader returning home in triumph. That invaluable asset should be enough to guarantee Swapo at least 50 per cent of the popular vote in elections to constituent assembly, set for November 6. But the chances that Swapo

will win the two-thirds majority needed to dominate the assembly - and write Namibia's independence constitution unaided - look slimmer all the time. For the party's image has lately become tainted with scandal. A military debacle, financial impro-prieties and evidence of human rights abuses have seriously jeopardised the movement's credibility abroad, and eroded electoral support at home, even within its traditional political constituency. Swapo's first blunder – and

one which cast Mr Nujoma in a deeply unflattering light - was its attempt to infiltrate guerrillas into northern Namibia ahead of an April 1 ceasefire.

ROM MILITANT Mos-lems carrying out bomb attacks in Kashmir, to

underworld killers allegedly

being hired by a major busi-

ness house in Bombay, from the increasing power of crimi-nals in politics to the growing

use of thugs by unions and

management to intimidate employees, India seems sud-

denly faced by a phenomenon

of violence so widespread as to defy any simple explanation.

The paradox is that it is

A newspaper editor return-

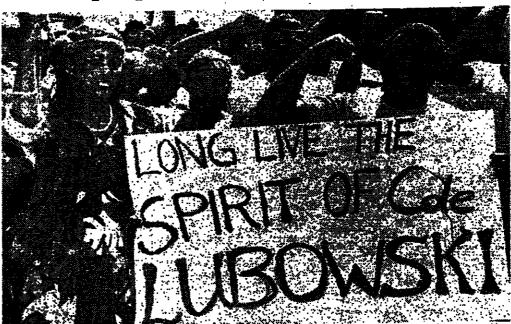
At that date, all Swape troops were to have been withdrawn to a point well to the north in neighbouring Angola.

In the event, some 1,600 Swapo guerrillas were sent across the border into Namibia, apparently in a vain attempt to establish the military bases which the movement had ment had never managed to secure in 23 years of warfare against South African colonial rule. South African troops repulsed the invasion with con-siderable brutality, leaving over 300 Swapo fighters dead.

The true motives for the manoeuvre remain unclear; but the violation of trust on April 1 has left the interna-tional community with serious doubts about the integrity of the Swapo leadership. This integrity was further

brought into question over the issue of the return of refugees to Namibia. Swapo has claimed international funding for the support of 80,000 Namibian refugees in camps in neighbouring Angola and Zambia. But when it came time to welcome refugees back to Namibia as part of the transition to independence, only 41,000 registered to return. Swapo officials explain the

discrepancy by suggesting that Namibian children enrolled in schools abroad may not wish to interrupt their academic term to return; and that after 23 years in exile, some have opted to remain in their host country. But the gap between the two figures is huge, and



Swapo has not yet succeeded

in explaining it away.

These two factors may put strains on any Swapo govern-ment's international relations. But domestic political damage to the movement is likely to have been slight. The same cannot be said of the human rights scandal over the issue of detainees held by Swapo during the liberation war. As part of Namibia's United Nations sponsored independence package, both Swapo and South

Violence and crime stalk Indian politics

There has been a sharp decline in the country's institutions, writes David Housego

Africa were to release all

Swapo prisoners returning from camps in neighbouring states have made widely publicised allegations of torture and maltreatment. And released detainees insist that many hundreds of prisoners remain in Swapo prison camps despite the requirement that they be allowed to return to vote in the elections.

Mr Theo-Ben Gurirab, a senior Swapo official, has disappeared, adding that others may have died in the fighting or of natural causes.

As Namibians prepare to vote for the constituent assembly which will determine their future political system, borror stories from returned detainees are clearly having an effect. and with nearly eight weeks of campaigning yet to take place, the outcome of the elections remains in doubt.
The main challenge comes

from the Democratic Turnhalle Alliance, a multi-racial coalition which until last December's settlement administered Namibia, albeit under the close supervision of Pretoria. It was a previous of sorte: the PTA a transition of sorts: the DTA repealed many of the territory's segregation laws. But its credibility suffered when Pretoris prevented the party from introducing a majority rule

constitution.

The 60-year-old Mr Nujoma's role in the election campaign could prove critical; and his safety is clearly essential to the successful conclusion of the elections. For the campaign is so far proving bloody, with Namibian newspapers carrying frequent reports of serious intimidation by the main polit-

ical parties. Swapo officials fear that Mr Nujoma could become an assassination target either for an opposition political group-ing, or for ultra-conservative whites. Any such incident would throw the entire independence process into jeop-

Egyptian peace proposals put Israel in a quandary

By Hugh Carnegy in Jerusalem

into the Middle East peace pro-

The Cairo proposals have exposed sharp divisions within the Israeli Government over its own proposals for elections in the occupied territories. In an indication of concern that the Egyptian move was drawing attention from the stalled Israeli initiative, the

Shamir, the Prime Minister, Mr Moshe Arens, the Foreign Minister, Mr Yitzhak Rabin, the Defence Minister and Mr Shi-mon Peres, the Finance Minister - refused to make any comment on their talks. The Egyptian move has pro- ing.

in the Israeli plan to gloss over differences between the coali-tion partners, hardline Likud

on proposals not of their mak-

ISRAEL'S top four ministers duced a furore in Israel yesterday discussed Egyptian because it addresses the very proposals for injecting new life issues deliberately left vague

and more moderate Labour. By proposing a settlement in the territories be based on the principle of exchanging land for peace, and that Arabs in East Jerusalem be allowed to vote in a Palestinian election. Cairo evoked a warm response

State sell-off approved

ISRAEL'S parliament has approved the sale of a second state-owned company under a The Government previously privatisation programme, Hugh Carnegy reports. The Knesset Finance Committee, which has to pass all such sales, voted for an 82.4 per cent stake in the Jerusalem Economic Corporation, a property company, to be sold to a group of US investors headed by Bear Stearns, the New York invest-ment bank, for \$54.5m.

Committee members complained the deal had been by closed tender, suggesting that the company's portfolio of Jerusalem properties might have fetched a higher price. Mr Shimon Peres, the Finance

occurring at a time of unparalleled economic expansion. ing from a long trip in the North said he could not from Mr Peres but rejection remember a time like it. In the from Mr Shamir. With Washington raising no mountains of Ladakh in objection and Jordan voicing northwest India. members of the Buddhist community its support, Israeli officials were concerned at being abandoning non-violence for the first time since indepen-

dence - have been setting fire to shops and stoning buses in a display of ethnic and nationalist anger. In Kashmir itself, bomb blasts, killings,and politically inspired strikes have grown more common as an extremist should be by open bid.

The Government previously sold off Paz Oil for just under movement widens its support among a population that shares its goal of greater

\$100m in the first of what is intended to be a steady reducregional autonomy.

In the Punjab - still one of India's most prosperous provinces - the killing continues unabated. A fortnight ago Sikh tion of the state's hefty stake in industry which dates from the strongly socialist-oriented policies of the early days of the state. The intention is to raise extremists climbed aboard a train and indiscriminately shot 17 people and injured 14 others. In a similar incident in Assam Next in line may be a 50 per cent share in Israel Chemicals, in northeast India last week lowhich last year made \$74m cal Bodo extremists swept profits on a turnover of \$1.08bn. First Boston, the USdown on a village and slaugh-tered 30 Moslem migrants to based securities underwriter the area. This occured notwithand dealer, has produced a prostanding a recent ceasefire spectus which has been circulated to 25 potential investors. agreement between the Bodos who are seeking a "separate"



state and the local govern-Political life has in every

sense become more violent. Recent sessions of Parliament degenerated into verbal brawls between government support-ers and opposition - culminating in the mass resignation of the opposition in July. The opposition takes the view that opposition takes the view that it had no alternative faced with a government that it calls a "a brute majority dishing out bla-As the tone of this comment

implies, political language has also become more abusive - a sign in itself that the general election expected in December is likely to be preceded by a violent and dirtily fought cam-

paign. Prime Minister Rajiv Gandhi used his independence day Singh, the Opposition leader, calls some of Mr Gandhi's fol-

speech to the nation on August 15 to say that "criminals and traitors are roaming Parlia-ment and hobnobbing with secessionist forces." Mr V.P.

lowers the "pimps of government".

Convicted criminals are coming into politics in growing numbers. The outstanding case is Bihar where 40 members of the state legislature - mostly

charges against them. In Uttar Pradesh , Mr Ram Gopal Misra, one of the underworld bosses in Lucknow who faces 21 charges of serious crimes, got himself elected as a Congress member to the dis-

trict council of the nearby town of Sitapur.
The public works minister of UP, Dr Ammar Rizvi, defends Mr Misra by saying: "It is my duty to respect such persons as having been elected through a democratic process and to

ensure their contribution to developmental programmes.' The Times of India, which recently carried out a survey on "the criminalisation of politics" found evidence of it throughout in the country. The paper's Madras correspondent says "political reporting in Tamil Nadu is rapidly becoming part of the crime beat." He cites the case of a former member of the state legislature, elected on a regional party ticket, arrested on a murder charge after being caught with

a bottle of petrol and a lighter at a public meeting. In the northern industrial city of Kanpur, rival criminal gangs put up candidates in the recent municipal election. Now a third of the 100 municipal council are implicated in

charges of murder, violent crime and smuggling.
In other cities violence has increased in different ways.
Protection rackets extracting funds from shops or businesses are common. Increasingly land-

lords are using thugs to get rid of unwanted tenants.

Trades unions have increasingly fallen under the control of criminals or extremist(and violent) movements like the

admitted that some detainees

were tortured. He told report-

ers in Windhoek last month

that some Swapo officials "had taken the law... into their own

hands and carried out brutali-

ties against these persons which we very much regret".

Swapo maintains that it now

holds no detainees but rela-tives have compiled a list of several hundred names of

those still missing. Swapo says

it holds South Africa to

militant Hindu organisation, the Shiv Sena. in Bombay. Many in India link the growth of both corruption and violence which goes beyond the caste and communal clashes to which India has been prey since Independence - to the crumbling authority of pivotal institutions like the judiciary,

the civil service, and even Par-liament itself.

Mr Swami Aiyar, the Editor of the Financial Express, argued in a column the other day that "dacoits" (thugs) had traditionally established them-selves as local rulers in India and that the "criminalisation of politics" was the country reverting to this tradition. He blamed the breakdown in the

country's judiciary system.
"We have reached a state of affairs where any resourceful criminal can use force with impunity, and has, therefore become a political force," Mr

Aiyar says. "Political parties have reincrolitical parties have reinctantly accepted this reality and hence co-opted these political forces. Another explanation is that a faster rate of economic growth and the shift to a market economy are themselves generating the tensions that give rise to greater violence

and corruption.
Opportunities are greater and more people are able to take advantage of them. But with more social mobility, the conflicts between individuals, castes, and regions in an overcrowded country to push themselves up the ladder also become that much more bitter.

Morocco aims to swap debt for bonds

MOROCCO's debt negotiators have presented two plans to bank creditors that would cut the country's \$3.2bn of commercial debt through a swap of bonds similar to that employed by Mexico, bankers said, Reu-

ter reports from New York. Under one plan, Morocco proposed its debt be swapped for bonds with either a 45 per cent discounted face value or a 5% per cent discounted interest rate, bankers said.

Under a second plan, the whole stock of debt or a negotiated portion would be swapped for bonds with a discounted interest rate of 6% per cent,

the bankers said. Morocco currently pays the equivalent of about 10% per cent or 1% per cent above the London Interbank Offers Rate (LIBOR) on about \$500m of debt. The remainder of its debt is subject to a rate of 14 per cent above LIBOR, bankers

China governor goes China has dismissed a reform-minded governor who helped engineer southern China's economic success, Reuter reports from Hong Kong. Mystery and speculation surround the fates of other southern provincial

of other southern provincial leaders.

An official in the Peking office of the island province of Hainan said yesterday governor Liang Xiang had lost his post and Liu Jianfeng, one of three deputy secretaries of the Communist party in the province, was now acting governor.

governor.

Diplomats say there are strong signs Ye Kuanping, governor of Guangdong province, might be moved from his post. There has also been speculation about the future of Wang Zhaoguo, the sovernor of the Zhaoguo, the governor of the coastal province of Fujian,

Sri Lankan hopes

Delegates representing 21 of Sri Lanka's 27 registered parties and political organisations met in Colombo yesterday for what President Ranasinghe Premadasa called a "collective search" for an end to ethnic violence that has killed more than 16,000 people, reports Mervyn de Silva from Colombo.

Mr Premadasa said he would consult each organisation over 10 days and reconvene the conference on October 12. The absence of a JVP representative is a notable drawback but the presence of delegates from every Tamil group, parliamentary as as well as separatist guerrillas, is a considerable "Les for Mr Premadasa." He has done what the Indiana could are could be a considerable when the Indiana could be a could

ans could not not do", said an opposition MP. For the first time, the Tamil guerrilla commanders appeared in tunic and white trousers rather than bat-

Strategic specks that have poisoned Soviet-Japan relations Moscow shows off the Southern Kurile islands, inhabited by Russians and claimed by Japanese, writes Stefan Wagstyl

fter years of secrecy, the Soviet Union is opening up one of the most sensitive corners of its vast empire - the Southern Kurile islands, which lie just

north of Japan.
The islands have poisoned relations between the Soviet Union and Japan ever since Soviet forces captured them in the last days of the Second World War. Japan, which calls the area the Northern Territories, has refused to sign a peace treaty with the Soviet Union until the islands are returned. But the Soviet Union will not budge, even though Japan has hinted it would pay for a settlement with a handsome aid programme for the

Soviet Far East Until this year, the only foreigners allowed to visit the islands were former Japanese

residents and their relatives who came once a year to tend family graves. The Soviet Union seemed to believe that keeping outsiders away would keep Japanese claims out of the limelight. However, Moscow appears to have decided this year that it will do no harm if it is seen to be flying the flag.
This summer, Japanese and

Western journalists have been permitted to visit these bleak specks of land which are almost permanently shrouded in fog. In July the islanders celebrated the 250th anniversary of the first Russian landing on the islands, recording their history in a television programme which conveniently ignored Japanese claims that sailors from Hokkaido had visited at least a 100



At the beginning of this month, before a group of journalists from Tokyo, the islanders marked the 44th anniversary of the Soviet annexation. Local Communist party officials made speeches before a monument in Lenin Square – a muddy patch of ground in front of a lumber yard. A handful of veterans stood to attention while a brass band played the national anthem. Afterwards, the islanders had planned to hold street parties, but were forced to stay indoors because of the rain.
About 14,000 civilians live on

the Southern Kuriles, plus sev-eral thousand soldiers, who are based mainly on the two largest islands of Kunashiri and Etorofu. The islanders mostly live in low-built wooden blocks of flats which look like run-down barracks. The boat from Sakhalin island which brings their supplies across the Sea of Okhotsk takes a day. The make-shift airport on Kunashiri Island, which has the largest civilian population. is sometimes closed for weeks during the spring thaw.

After years of neglect,
Moscow has recently allowed the islanders to start putting up solid (and expensive) con-crete buildings in the main town on Kunashiri – the first to be completed was the local council's headquarters, the

next will be a hospital. People endure these conditions in return for wages which are nearly three times higher than on the mainland Since the war they have developed fierce local loyalty. "We now have a fourth generation being born here," says Mr Fyodor Pyzhanov, a teacher and chairman of the local history society.

The islanders live from fishing and fish processing, sur-rounded by some of the richest fishing grounds in the world.

The reason for their presence is to show the Soviet Union's determination to keep control. The islands are strategically located – lying across the southern half of the waters stretching between Hokkaido to the south and the Kamchatka peninsula to the north. Soviet naval vessels, including nuclear submarines pass through these straits.

But even the military arguments pale beside the political ones. The Soviet Union made great territorial gains during the Second World War, at the expense of other countries, including Poland and Finland Especially in the light of the rise of nationalist sentiments in the Baltic states and elsewhere. Moscow cannot afford to drop hints that it might consider revising any part of the post-war settlement.

Japan pins its alim hopes of regaining at least some of the lost territory on the fact that during talks in 1956, the Soviet side offered to return two out of the four disputed islands - Shikotan and the group known as the Habomal. Japan was set to agree, but, with the Cold War at its height, the US persuaded Tokyo to hold out for more for more. Today, the islanders say that

the return of any territory would be unacceptable. "We are Russians," says Mr Pyzhanov.

However, the islanders say they would like to have closer contacts with Japanese people on Hokkaido, including tourist trips and business ventures.
"Moscow is so far and Japan is
so close," says Mr Vyacheslav Gudakov, a local council offi-

UK NEWS

Company seeks to sell UK cheap French power

AN INDEPENDENT energy company is planning to undercut the price of British-pro-duced electricity by selling

cheap power from France after the industry is privatised.

Associated Heat Services (AHS), headed by Lord Ezra, the former chairman of British Coal, is seeking the contract to sell the electricity imported through the 2,000MW cable link beneath the English Channel, currently sold directly by Electricité de France, the French state-owned power util-ity, to the Central Electricity Generating Board.

Although operated in Britain as an independent company, AHS is part of the Compagnie Générale des Eaux Group, France's biggest water sup-

plier.
With negotiations in Paris and London at a delicate stage, AHS was not available for comment last night. However, the company apparently hopes to sell power from nuclear stations in northern France cheaper than much of the elec-tricity supplied by the mainly coal-fired power stations of

The 12 area electricity boards of England and Wales claim that it is impracticable to introduce outright competition immediately, because they have not finalised their bulk supply contracts with British

PIACE DOMENC

R plans

England and Wales.

let them inherit the CEGB's present trading relationship

ments over how much competi-tion will exist in a privatised British electricity market.

doing so through Agas, a joint venture with Hadson Corpora-tion, the leading US indepen-dent gas marketing company. Under the British Gas priva-tigation arrangements Agas.

tisation arrangements, Agas hopes to buy independent supplies of gas to distribute through British Gas's pipeline network. It claims to have a large potential market but has not yet finalised its gas pur-

●The South of Scotland Electricity Board (SSEB),

Single-union scheme breaks new ground

By Jimmy Burns,

stin to the position of Senior ent Finance and Chief Financial Officer of Placer Dome Inc. is announced by Tony Petrina, President and Chief Executive Officer. Mr. Austin joins Placer Dome from Inco Limited in New York where he most recently held the position of Treasurer. Mr. Petrina said Mr Austin will enhance Placer Dome's ability to compete suctional financial environment.

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power stations. They argue that the Government should

The Government, however, may regard this as an example of restrictive practices. The boards' opposition threatens to involve EdF in domestic argu-

EdF has been approached by other potential purchasers in Britain, including large indus-trial consumers, and is expec-ted to make its decision in the next few weeks. Although it could maximise its profit by spot sales of electricity in Britain, it is believed to prefer the security of long-term contracts, and may choose more than one purchaser.

£2.5m (\$4m).

Prestwick's problem is that it is poorly located for much of the central belt of Scotland, being the wrong side of Glas-

gow and having inadequate road and rail connections.

There is now not a single feeder service in or out of the airport, so that business travel-

lers are reluctant to use it because they fear delays there. These are old problems. But

successive governments have ducked the Prestwick issue, fearful of being held responsi-ble for any additional unem-

ployment and of offending a

well organised cross-party

AHS is also trying to enter the British gas market by offer-ing industrial customers cheaper supplies than they can obtain from British Gas. It is

whose operations have previously always been north of the border, wants to build and operate a 600MW power station in the heart of London.

ground-breaking agreement for a single-union bargaining structure as part of a bid to operate a rapid rail transit sys-tem to be built in Manchester. Such agreements are extremely rare, and this one takes in other terms and conditions that are a radical departure for manual workers, including the extension of the normal working week from 39 to 40 hours, compulsory overtime with no notice, and conti-Saturdays and Sundays would be treated as a normal working days. The three main rail unions, together with the Confederation of Shipbuilding and Engineering Unions and the British Transport Officers Guild have agreed that a single union should represent them.

8.0 3.6 10.0 18.7 9.3 10.7 2.7 9.3 22.0 16.2

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Prestwick: turbulent ride ahead

James Buxton looks at a change of heart over airport policy

he decision by Mr Cecil Parkinson, the new UK Transport Secretary, to order a review of the status of Prestwick airport is a humiliating U-turn by the Government. But red faces in Government will matter little if the decision leads to a rationalisation of Scottish air travel SCOTLAND Despite having a monopoly on all Scotland's long-haul traf-fic it has not flourished. In 1988-89 it handled only 309,000 passengers compared with 3.6m at Glasgow. Despite Km its protected status a 1987 study suggested that it was **ENGLAND** getting less than 40 per cent of all Scottish transatlantic pas-sengers, while only 15 per cent of passengers using it were business people. In 1988-89 it made an operating loss of \$2.6m.(34m)

lobby of Ayrshire MPs. In 1985 the Government decided to press on with its monopoly policy until 1989, without in the meantime making any real

effort to improve Prestwick's surface transport links. When BAA in January this year asked for another review Mr Paul Channon, then Transport Secretary, refused, concluding that Prestwick's performance was gently improving. The plight of Mr George Younger, then Defence Secretary, who has a majority of only 182 in his Ayr constituency, played a big part in guid-ing the Government to that

That decision, so much at odds with the Government's free market approach, is now

seen to have been a blunder. even though all Scottish political parties said at the time they welcomed it.

The Government's position worsened in July when for the second time it lost a case in the Court of Session, the Scottish high court, brought by the UK charter airline Air 2000. Air 2000 was obliged by Government regulations to stop at Prestwick, on its twice weekly service from Glasgow to Orlando, Florida, just a few minutes after take-off. The court said the Government had

no power to make it do so. In the same month United Airlines, one of the biggest carriers in the world, announced it was applying for a licence to fly scheduled services from Glasgow to Chicago and Washington DC as part of an expansion into Europe. The fact that Mr Younger stepped down from the Defence

Ministry in July and will not be standing at the next elec-tion made the politics of the issue less poignant, even though the Conservatives will certainly not want to lose any more Scottish seats.

Now the argument will switch to issues such as the suitability of Glasgow as an airport for long-haul flights. Glasgow does not have a long enough runway to operate fully loaded Boeing 747s in all conditions (United Is to operate smaller Boeing 767s) and its terminal facilities are currently being expanded only enough to cater with an expected increase in European traf-

In the rapid review Mr Parkinson is only allowing two months for consultations - the prize of Glasgow being con-nected to United Airlines' vast US network, and drawing transatlantic traffic away from Manchester, are bound to loom

For Prestwick the future is far from bleak. Last week Federal Express, one of the world's biggest freight airlines, said it was considering it, along with other airports outside Britain as a base for its European

Review ordered of Atlantic air policy from Scotland to US

By James Buxton, Scottish Correspondent

GOVERNMENT yesterday ordered a rapid review of the policy which keeps the under-utilised Prestwick airport as Scotland's only transatlantic gateway and dropped legal action aimed at forcing a charter airline to make a stopover at Prestwick on flights to the US from Glas-

The decision by Mr Cecil Parkinson, the Transport Sec-retary, is a reversal of the policy laid down by Mr Paul Channon, his predecessor, only four months ago. It was greeted with delight by the Scottish business community and with anger by supporters of Prestwick airport. Up to now any airlines wish-

ing to operate long-haul flights to and from Scotland have to fly via Prestwick. Because of a lack of air feeder services and poor surface transport links, Prestwick has relatively little

Mr Parkinson said he was advised that the Government was unlikely to win an appeal in the Court of Session in Edinburgh against a judgment in favour of Air 2000, the British charter airline which contested the legal validity of the Government's policy for Scottish

lowland airports. He said he would drop the appeal and "seek the views of everyone interested." He would then decide whether to main-tain a special policy for Scot-tish airports and reformulate the rules in the light of the Court of Session ruling, "or to adopt the less restrictive approach which applies else-where in the UK." He will shortly publish a

consultation document and is to ask for responses to it within two months. Air 2000 is now free to fly from Glasgow to Orlando, Florida, without touching down at Prestwick, 35 miles away, en route, and will do so on Sunday.

The Department of Trans-port said that with the Government's appeal dropped there is now "no institutional barrier, other than exclusions contained in bilateral air services agreements, to airlines flying long-haul routes direct from

Glasgow and Edinburgh."
In practice however no other airlines appear to have either the necessary bilateral permis-sions or plans to do so in the short term. Mr Malcolm Rif-kind, the Scottish Secretary, said that the issues had to be considered "in more depth".

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Companies' deficit blunts UK investment outlook

By Simon Holberton, Economics Staff

THE OUTLOOK for investment in 1990 and beyond appeared to figures were released showing the gap between companies' income and expenditure was estimated at £6.6bn in 1988 The figures, contained in the Central Statistical Office's Blue Book for 1989, represent a substantial upward revision to the Office's March estimate of the deficit of £2.7bn and reflect higher levels of investment, the largest rise in stock build-

City economists believe that as companies act to reduce the deficit they will run down their holdings of stocks and trim planned investment, both of which will lower the growth rate of the economy next year. Companies might also be

ing for 15 years and a lower

estimate for company profits in

Timeshare operators criticised

By David Churchill, Leisure Industries Correspondent

THE ADVERTISING Standards Authority yesterday strongly criticised the promotional methods used by timeshare holiday home operators to gain

new business.

It described methods such as free holiday offers and personalised mailings inviting recipi ents to attend 'award' presentations "as leading sales promotion into disrepute".

It pointed out that it had been critical in the past of such promotions and was concerned that they still occurred.

tougher on unions seeking expenditure, from an initial 2.5 higher pay settlements. Mr Bill Martin, UK economist at UBS Phillips and Drew, said: "Not only is the company

deficit extraordinarily large by historical standards but so is its protracted nature. The CSO's picture of 1988 is one where spending in the UK economy grew at a rate in excess of the country's ability to meet it. It is likely that if yesterday's data had been available to the Treasury ear-

lier in the year then interest rates would have been higher. The CSO has attempted to give the national accounts greater coherence by using new techniques to better estimate spending in the economy last year. This has lead to a significant upward revision to their estimate of gross domestic product, as measured by

chartered surveyors, has become the first British prop-

erty company to forge a cross-

border link in the form of

European Economic Interest

It has joined with Profi of

Luxembourg to offer a prop-

erty consultancy service across the European Community.

Interest Grouping is a corpo-

rate entity new to the Commu-nity. They have been permitted

since July 1989. A common

The European Economic

UK surveyor forges link

DE MORGAN, the quoted tries to establish, for example,

legal structure has been set up investment started in London which permits Community and has since spread to the

across EC borders

By Paul Cheeseright, Property Correspondent

per cent growth rate in 1988 to

The CSO's work supports the view inside the Treasury and among many private sector economists that the official statistics were under-estimating investment in Britain. Total investment is now thought to have grown by 13 per cent in 1988 with investment in the private sector advancing by 17.5 per. Manufacturing investment was up 11 per cent

But the CSO's figures also underline the strength of con-sumer spending in 1988. It is now estimated to have grown by 7 per cent, against an initial estimate of 6.5 per cent. The ratio of saving to personal income fell to 4.4 per cent, lower that at any time since

joint marketing and develop-

The new grouping is called de Morgan Profi EEIG. The

Profi directors once worked at PK Banken of Sweden and one

of the first aims of the new grouping will be to offer a ser-

vice to Scandinavian property

since early 1988 has assumed

considerable importance in the property markets of the main

European centres. In the UK,

Scandinavian investment

ment operations.

The ulcer product accounts for just under half Glaxo's combilibution to pre-tax profits. Glano, which is revealing its Tuesday, is expected to announce a profit for the year

Both the first and second sets of Zantac patents involve a chermical called ranitidine which is the main constituent of the drug. The first set, which expires in most developed countries between 1995 and 1967, is concerned with a partici ilar crystalline variety of ranitidine which Glaxo has chosen not to use in commer-cial forms of Zantac. The sec-

Second set of Zantac patents revealed

GLAXO, Britain's biggest pharmaceutical company, has disclosed the existence of a second set of patents on Zantac, its best-selling anti-ulcer drug, which may extend the legal protection given to the product beyond the year 2000. The fissue could be important to the company in reduc-ing the degree to which competitors copy Zantac after the first set: of patents on the drug expire in the mid to late 1990s.

That, in turn, may ease the pressure on the company to produce new, large-selling products in the early 1990s to make up for reductions in revenue from the ulcer formula-

Zantac, with estimated sales last year of about £1.2bn, is the world's best-selling medicine, and is the main reason for the surge in Glaxo's sales ower the past decade.

sales and has made a strong 1988-89 financial results next

ond set of patents, which expires around 2002, describe another molecular form of the chemical - which is used by

New players ringing the changes

Hugo Dixon looks at the groups vying for new telephone licences

By the mid-1990s, Britain could have the most advanced telephone sys-

tem in the world.

People would be able to use tiny pocket phones allowing them to make and receive calls wherever they were. On the other hand, if they did not want to be disturbed, they would be able to divert calls to their secretaries, message can-tres or any other location they chose. A flashing light would tell them if any messages were

The phone would be able to display a message identifying the caller, allowing people to pick and choose who they spoke to. It could also have several different numbers - for example, a business and a personal number - and different tones for different numbers. Customers could then answer personal calls and divert business calls.

To make the phones work, users would probably insert special computerised plastic cards. These would contain their phone numbers, authoris-ation codes and billing details.

Parents could then give phones to their children but specify that they should not spend more than 210 a month or make international calls. If they went over their monthly limit, the children would only be allowed to call their family,

gency services.
Similarly, companies could give the phones to their employees, but pay only for calls made in office hours. These features, which collectively go under the name of "intelligent network" services, are being promised as part of several new personal communications networks that are due to go into operation in

Although British Telecom and other traditional telecoms operators across the world

lar clever features, the chances are that the personal communications operators will get there first because they will be building on a green field site rather than upgrading networks in which massive investment has

already been sunk.

The hattle for two or three personal communications personal communications licences comes to a head later today — the last day for lodging applications with the Office of Telecommunications, the watchdog. Oftel, which is advising the Department of Trade and Industry, sing to Trade and Industry, aims to name the winners of its beauty contest" by the end of

the year. The contest has drawn a cast of powerful players, compris-ing leading telecoms and electronics groups from Britain, the rest of Europe and the US. They have been attracted by the prospect that personal communications could be an

extremely lucrative busine The networks are intended not only to make mobile communications – which, until now, have been restricted to businesses – affordable to ordinary people. They are also expected to compete with the

traditional phone service provided by BT. The aspiring licensees have formed themselves into four formed themselves into four main groups and several other minor ones. One consortium, which is led by Mercury Communications, BT's only main-stream rival, has already virtually been promised a licence. There will be a close fight by the other three for the remain.

the other three for the remain-ing one or two licences.

All four expect there to be about 10m personal communi-cations customers by the end of century. Between now and then, they each plan to invest about £1bn on building their

networks. There is agreement on several other points. Phones will

They all want to offer a fully mobile service, rather than a more rudimentary alternative

which would mean cutting off customers if they moved around too quickly. They also all plan to launch their services using a particular techni-cal standard called GSM, which is also being adopted for the pan-European cellular sys-tem. This will disappoint some European companies, which had been hoping a rival stan-dard called DECT would be

A further item of agreement is that the Government should award only one licence in addi-tion to Mercury's, Where they sagree is on who should get

Ounitel consists of STC, the UK electronics group, US West, one of the US "Baby Bell" oper-ators and Thorn EMI, the UK conglomerate. It stresses the need to be marketing driven. "If you don't capture the imagi-nation of the masses, personal communications is going to

fail," says Mr Andrew Suka-waty, Unitel's project manager. The most attractive feature of Unitel's hid is its "zonal pric-ing" plan, which seems an effective way of recomping the network investment without pricing the service so high that people are deterred from using

The idea is that the UK would be divided into 61 zones. Customers would select one of these as their home zone and, if they made calls within that area, the charges would be only slightly higher than calls over BT's ordinary fixed net-

But, if they made calls outside their home zone, the charges would be comparable with the higher-priced cellular services. Customers would also be able to subscribe to 10 addi-

cost about £300 when the service is launched, falling to about £100 in the mid-1990s.

They all want to offer a fully charged an intermediate rate. British Aerospace is leading a consortium which includes Pacific Telesis, another Baby Bell, Millicom, a US mobile communications provider, and Matra, a French electronics manufacturer. If places great emphasis on offering "intelli-gent network" services, most of which would be financed

> tions. One example is centrex, which would allow people within the same company to phone each other for free wherpnone each other for free wher-ever they were. A similar idea in the home environment is "family service", which would allow free calls and short disiling between members of a family. Instead of dialling the whole number, a child might call "1" for his mother, "2" for his father and "3" for his sis-

through monthly subscrip-

●PCN One consists of the General Electric Company; BellSouth, another Baby Bell; Philips, the Dutch electronics group; and Kingston Communi-cations, which runs the telephone network in Hull.

PCN One's main claim to a licence is its technical exper-tise and size. "We have the muscle to do it," says Mr Brian Meade, who is responsible for GEC's side of the bid.

• Mercury PCN is led by Mercury PC cury Communications and also includes Motorola, the world's largest mobile communications manufacturer, and Telefonica.

the Spanish telecoms monop-Since it has already been virtually promised a licence, it is not making much effort to promote itself in public. However, Mr John Carrington, Mercury PCN's managing director, stresses: "The systems will be made or broken on the quality of the service."

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Labour prepared to take corrective economic measures

By Michael Cassell, Political Correspondent

AN INCOMING Labour government is likely to inherit a severe economic situation based on the worst trade deficit recorded by any advanced industrial nation and requiring some unpalatable corrective measures, Mr Bryan Gould, the opposition party's trade and industry spokesman, warned

Mr Gould said that the trade deficit would approach £20bn in 1989 and represented the definitive judgment on 10 years ment. He said the country's economic problems were "stacking up" and added: "The really bad news is that we are

unlikely to resolve the problem without a great deal of pain". Mr Gould said that Labour had repeatedly warned of the consequences of the govern-ment's dependence on a high interest rate policy to over-

come its economic problems. No country with a significant trade deficit had resolved the situation without seeing themployment rise or witnessing a fall in industrial output.

Labour, he said, would be faced with a choice of further deflation or in creating conditions in which the country could improve its trading performance. He continued:"The way out of the dilemma is to get interest rates down and to rely on other measures capable of getting a grip on demand and giving British industry a chance to trade its way out of its difficulties."

Mr Gould said that a Labour government would also want to see a lower exchange rate for sterling. He acknowledged that such a policy would carry with it implications for infiation but he claimed its impact had been exaggerated.

Clean up plan for Tube

By Kevin Brown, Transport Correspondent

THE LONDON Underground yesterday unveiled plans to smarten up the sometimes grubby image of the "Tube" by renovating many of its 460

The Underground said three sets of modified cars would run on the Victoria, Metropolitan and Circle lines to allow market research and to test assenger reactions.
The scheme was prompted by the need to carry out safety improvements to a number of older trains. Underground offi-cials said substantial cosmetic

out while the trains were

removed from service.

vements could be carried

Estate agency losses up By Eric Short

The Prudential Corporation, Britain's largest life assurance group, yesterday reported that it had lost nearly £25m on its UK estate agency operations in the first six months of this year, double the losses expected by the market, with more losses to come in the second.

half of the year.

This adverse feature does not detract from the overall picture that at present conditions are good for UK life assurance companies. The half-yearly results from the Prudential and from Legal and General Group, another major life assurance group, confirm losses to come in the second that trend.

BR plans £13m coast-to-coast railway link

By James Buxton, Scottish Correspondent

BRITISH Rail is to electrify a 27-mile stretch of railway in Scotland in order to link the electrified west coast main line with the east coast main line, which will be electrified

The £12.65m project is to electrify the line between Edinburgh and Carstairs, the village south of Lanark, Strathclyde, where trains from Edinburgh join the west coast

The scheme, which will be completed at the same time as the east coast electrification in May 1991, will make it possible to run electric trains from Glasgow to London via the east coast route through Edin-

Dr John Prideaux, director of British Rail's Intercity, said yesterday that the project would improve services between Edinburgh and the west coast main line by cutting out the need to change locomotives at Carstairs between electric and diesel.

It would have big advantages in improved operating flexibility between the east coast and the west coast mainlines. The scheme also repre-sents the first electrification of a route between Edinburgh and Glasgow. The main con-tract for the electrification work to Carstairs has been let to Pirelli Construction, which is responsible for rest of the east coast project.

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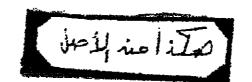
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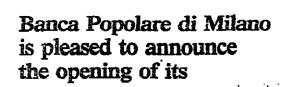
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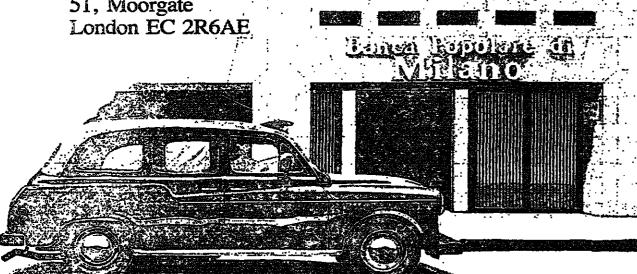
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BUSINESS LAW

New use of Administration orders

By Richard Bethell-Jones

hen construction costs began to rise and sales began to fall at the Burrells Wharf fall at the Burrells Wharf development on London's Isle of Dogs, Kentish Property Group found itself in difficulty. It had planned to build 343 flats, shops, and offices, together with a leisure centre. On July 25, however, the Hallfax Building Society, which had lent £26m to finance Burrells Wharf, announced it had appointed a receiver — a move which Kentish claims was made without warning. The developer then sought an Administration order under insolvency law in order to buy some breathing space.

insolvency law in order to buy some breathing space.

The High Court was not persuaded. Had it granted the order, the Administrator would have taken over control of the assets, and the receiver would have been required to step down. However, the judge was persuaded that the project clearly needed additional finance but there seemed no reasonable expectation of lenders providing more money.

The Halifax as a secured creditor is now undertaking a salvage operation. Those creditors who had placed a deposit on property would be able to buy a unit at a discounted price, which would take account of their forfeited deposit.

deposit.

The failure of the Court to grant the application for the appointment of an Administrator will disappoint those who would hope there is a useful role for it working in the UK, and will cause some confusion as to how and why the proce-dure might be used effectively. Nonetheless, with the help of the US experience of an equiva-lent procedure, Chapter 11 of the US Bankruptcy Code, it is possible to speculate on how the Administration procedure will develop over the coming years. When the Insolvency Act 1986 was passed, company directors are likely to have read about the new penalties to which directors are now poten-tially subject if their company gets into financial difficulties

and becomes insolvent.

The wrongful trading provisions make it possible for a Court to make directors contribute to the assets of an insolvent company if they trade wrongfully. Wrongful trading occurs if the directors continue to trade when they

knew, or ought to have con-cluded, that there was no rea-sonable prospect that the com-pany would avoid going into insolvent liquidation. A director will be liable to contribute to the assets of the company unless he takes every step with a view to minimising potential

loss to creditors.

That provision will make it That provision will make it harder to manage the kind of situation in which a middle-sized or big company gets into financial difficulties. In the past, rescue operations have been mounted, often involving the appointment of new directors, who have struggled over a long time with bankers and other creditors to turn the company round and restruccompany round and restruc-

company round and restruc-ture it.

With the new provisions, it
would be dangerous for direc-tors to carry on and probably
impossible to find new or addi-tional directors to assist with a
turnaround — unless the
restructuring is carried out
under the protection of the
new Administration Procedure
in the insolvency Act. in the insolvency Act.
The Administration provi-

sions in the UK have been lit-tle used. Most Administrations have, in effect, been either a slow motion liquidation or a slow motion liquidation or a receivership in another name. The result has been closure or sale of the underlying business, with little or no element of company restructuring.

In the US, Chapter 11 has been used creatively and to great effect by management. Obvious examples are: Texaco, A.H. Robbins and Continental Airlines. In all those cases a viable and well-run company was faced with a cataclysmic event — the Penzoil judgment, event - the Penzoil judgment, asbestosis claims, product lia-bility claims, a crippling labour contract - which threatened

the existence of the company.

These events were unpredictable. Management retained its credibility and integrity but was faced with inevitable insolvency — either because the level of liabilities exceeded the value of assets or the company needed time to pay an unex-pected and huge liability.

The beauty of Chapter 11 for management is that it leaves

management in control. The restructuring plan is subject to Court supervision, but management devises the plan and controls its implementation.
The new Administration Procedure is, in many respects,

one respect in which it is fun-damentally different — the management does not retain control of the assets. Ultimate control passes to the Court ap-pointed Administrator. Directors of English compa-nies may be deterred from using the Administration Pro-cedure in the UK because an outside person comes in and has overall power in relation to

outside person comes in and has overall power in relation to the restructuring plan. Management may be deterred because it will lose control.

However, in a big company, where the business is fast and diverse, the fact is that no restructuring can be devised or implemented save with the help and active participation of existing directors and management — supplemented, if necexisting directors and management — supplemented, if necessary, by management and
other consultants. No Administrator can usurp the roles of
the directors and management,
provided the directors retain
their integrity and credibility.
Directors of companies
which are basically sound, but
which face a crisis that makes
profestion from creditors

which face a crisis that makes protection from creditors essential for survival, should examine the possibility of using the Administration Procedure creatively to enable a restructuring to take place.

Directors may be wary of seeking the appointment of a well-known receiver or liquidator as Administrator of the

tor as Administrator of the tor as Administrator of the company because of fears that, by association, the name will lead people to think that what is happening is nothing more than receivership by another name. Directors may also feel, rightly or wrongly, that the training and background of such an individual will cause him to be inclined towards closure and/or sale.

sure and/or sale.

In this situation, consideration should be given to the appointment of a lawyer as Administrator. The cases where that is a preserving will where that is appropriate will be few indeed. If what is really needed is receivership by another route their an experi-enced receiver is the best per-son to do the job. But in those cases where a big restructuring is necessary the appointment, as Administrator, of a lawyer who is a qualified insolvency practitioner may have more

appeal to management.
Also, the company's auditors, prevented by IPA and Institute rules from appointing

the English equivalent of someone from their own firm Chapter 11. However, there is to act as Administrator, will be one respect in which it is fun-dentially different to provide all necessary

to act as Administrator, will be able to provide all necessary accounting input and may prefer to work with a lawyer rather than have another accountant brought in.

The prospects for this new, and barely tried, procedure are exciting. A company with no secured debt may find that unexpected losses or liabilities may lead to its bankers requiring security. Giving that security leads to loss of control to the bankers and to the accountants (often not the company's own auditors) who are appointed at the request of the bankers to investigate and monitor the company's financial position.

Appointing an Administrator

cial position.

Appointing an Administrator could be a viable alternative. Doing that freezes all claims against the company. Working capital should be available because receipts are free for use in the business and, if US experience is anything to anything the second to be a second t use in the business and, if US
experience is anything to go
by, raising additional borrowings will not be a problem
because such new loans have
priority, as an administration
expense, to the claims of preadministration unsecured creditems. The commany sains time

itors. The company gains time and is more able to control its own restructuring and destiny.

Lest it be thought that the procedure would enable ineffective or dishonest management to retain control of assets, it is necessary to remember that the Administrator does have the power to dis-miss and appoint directors as well as employees. It is vital, in any such restructuring, that

any such restricturing, that
management retains and be
seen to retain its integrity and
credibility with both creditors
and shareholders.

An Administrator in this situation may well need more
than receivership or accountancy skills. It is difficult to
know whether Texaco manage. know whether Texaco manage mow whether Texaco management feel more antipathy towards Penzoli or towards Mr Carl Icahn — who took advantage of the Penzoli judgment to attempt a hid for the stock of Texaco. It could well happen in the UK that a listed company, freing a cach flow cricia may facing a cash flow crisis, may need not only the immediate protection of an Administra-tion Order, but also protection from stock market predators.

The author is an insolvency partner in City solicitors Wilde Sapte.

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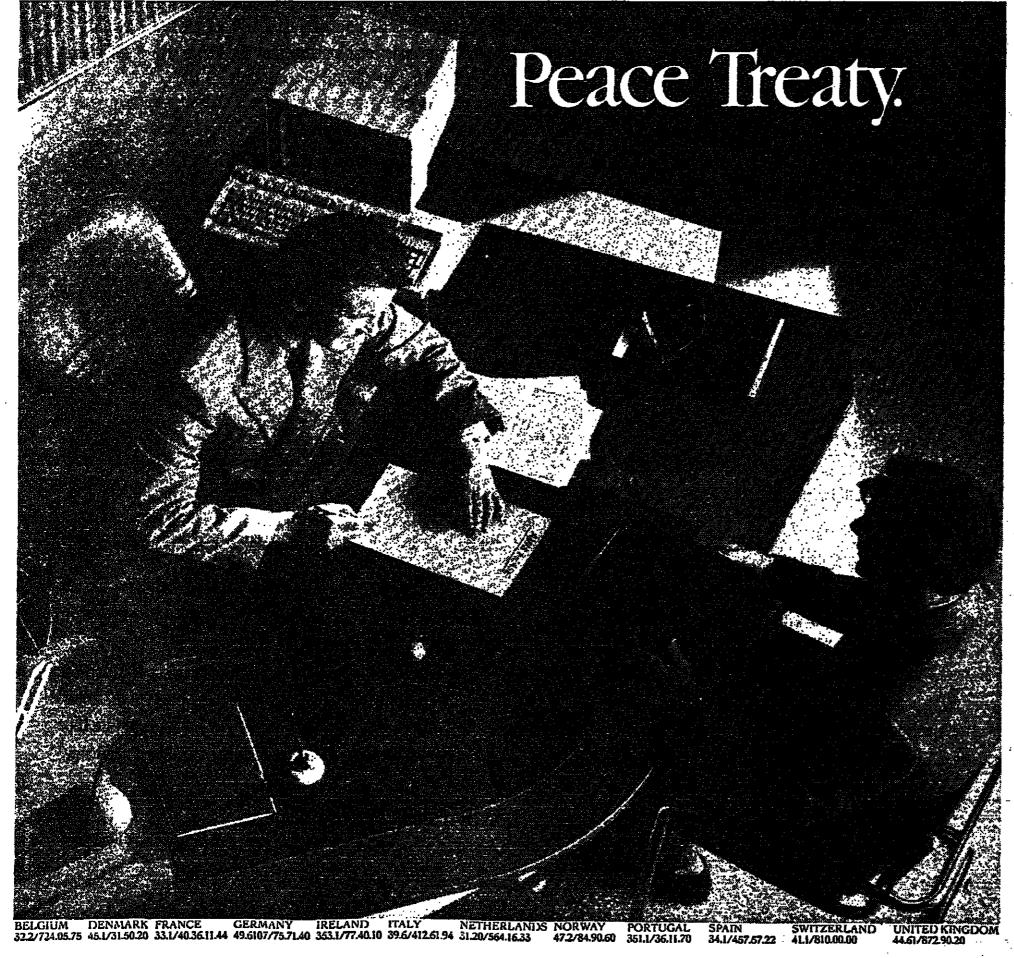
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LEASE



Detergent manufacturers

Much agitation among the soapsuds

Christopher Parkes on Procter & Gamble's attempt to stir up the UK market for 'green' powders

"quadruple action" washing powder into the UK market.

With a fair wind and an estimated £7m Saatchi & Saatchi campaign, behind it, Ariel Ultra is intended to: ⊖ Bloody the new "green" soapers. Confound the Japanese. O Exasperate Lever Brothers.

O Wash clothes. Little wonder that Procter bills it

It is certainly different. Ultra is the first concentrated laundry powder in the UK market, allegedly packing the same cleansing power into half the normal dose. This allows the convenience of a modestly-sized box for the largest, 2.8kg. size, instead of the cavernous car-tons used for conventional powders.

Kao of Japan, which is shaping up to enter the European detergents market, will not be best pleased; it was aiming to make its play with just such a concentrate. Known as Attack, it was developed for its home market where space in tiny kitchens is at a premium.

Lever, the Unilever subsidiary. seems to have been caught on the hop. It has concentrates in reserve,

rocter & Gamble will next but has just committed itself in month roll a revolutionary Britain to a national introduction of a pan-European brand, Radion. This contains an exclusive ingredient, a deodorising perfume 18 years in the perfecting, which removes lingering odours which tend to develop in laundry washed at cool tempera-

> Even if it could crank out a product to tackle Ultra head-on, the usual tactic in the detergents industry, the autumn launch window would be closed by the time it was ready. Air time and media space is booked solid until Christmas. And even if it could be ready by then, Lever is unlikely now to be able to come to market until next spring at the earliest.

The real "miracle," however, is that Procter is touting the product as environment-friendly. It contains 30 per cent fewer chemicals than conventional powders, uses 30 per cent less packaging and uses less energy in manufacture and in use at home, the company says. It is phosphate-free and biodegradable, it adds. Even its little box is green in colour and construction, being made of 80 per cent recycled board.

The launch is an unusual depar-

ture for any leading detergent

maker, in that it uses two powerful new marketing ploys - concentra-tion and green-appeal in a single new product. It is normal for good ideas to be conserved and promoted singly. But these are extraordinary

times in the detergents trade. Conventions have been set aside, and contradictions are emerging, Procter, as a leading member of the Soap and Detergent Industries Association, is one of the main sources of funds for a subtle and continuing campaign against the claims of other "green" detergents. Is the usually silent giant speaking with two voices?

Its SDIA mouthpiece says all detergents must be biodegradable by law, so overt claims of biodegradability are meaningless. It adds that removing phosphates will have no discernible beneficial impact on the environment, although the green lobby insists that every reduction in chemical waste helps the environment.

The other voice, emerging from Procter's Newcastle fortress replies that the word biodegradable on Ultra packs is "quite small." More consistently, it adds that the description "phosphate-free" does not appear on the box "because

there is no environmental reason to

say so."
There seem, however, to be substantial commercial reasons for saying so, loud and often, in press releases and sales promotion mate-rial currently being distributed.

Ultra is Procter's attempt to confront some of the most pressing con-cerns the established industry has faced since the break from soapbased to synthetic detergents started with the arrival of P&G's Tide 40 years ago. That was when smaller manufacturers began to be squeezed from the marketplace and the highly-resourced Procter and Lever began to take control. They now account for almost 90 per cent

of the £1bn UK market. They have built and maintain this position with monstrous advertising budgets supporting names such as Ariel, Daz, Persil, Surf and a tail of smaller niche products. They have preened over their marketing skills, and grown fat.

It was inevitable and to be expec-ted that the Japanese would sooner or later counter Procter and Lever's expansion in Japan by launching in

But that the two western giants should be rattled by a one-man



Procter & Gamble is launching its 'environment-friendly' Ultra to

band, moving in from the social and industrial fringe, selling a discor-dantly-named, unadvertised product with a promotions budget that would fit in the smallest Ultra box was unthinkable.

was unthinkable.
It is now reality. Ecover, a Belgian-made brand of "green" detergent sold by Robin Bines through his Full Moon eco-business has scooped up an estimated 3 per cent market share in only 18 months, and growth is accelerating. His initiators share a similar stake and tators share a similar stake, and retailers' own-label versions are being rushed to market.

While Lever sits on its hands "perhaps we can learn something from Procter's experience," the

company says - and makes the most of Radion, Full Moon is posi-tively enchanted by the Ultra

"It is a vindication of what we have been saying," says Rines. "It appears we are leading others to make practical changes." Reserving judgment until he has seen Ultra's ingredient list, he says he will be happy if the introduction further extends the market for ecologically-sound products to people interested in, but not yet gripped by, green

He seems blithely unconcerned, even unconvinced by suggestions that the arrival of Procter's big guns might rout his little company.

Bines is a committed environmentalist. He has been dealing in whole foods and ecological propaganda since 1970. "We are not just out there to sell product," he claims.

Most Ecover customers are prepared to pay high prices for the products because, like him, they are honestly concerned about the envi-

"We are not out there talking to or selling to the mass public. We have a special type of client . . . not the sort to be swayed by mass TV advertising," he says. A man in constant and close touch with his market and customer base, Bines does his market research in the local launderette, tut-tutting as people pour half a kilo of phosphate-packed powder onto their

His is a conscience-driven business. He has no plans to advertise beyond his routine territory in the Friends of the Earth magazine, and what money is spent on "promotion" goes on educational material. Indeed, even as the Procter-Saatchi exis prepares for saturation bom-bardment, Bines is agonising over withdrawing what he considers to be an extravagant claim on his

Ecover pack.
The words "ecologically safe" were replaced recently with "ecologically sound." But he wants that removed as well. His position is that all detergents, his included, are pollutants, and anything which suggests they are safe, sound, benign gests they are safe, sound, benign or in any way environmentally friendly, has no place on any detergent packet, however small.

nce upon a time in a iand for away lived a Mouse called Mickey whose namesake, Michael Eis-- the world's highest paid citief executive - said one day: "Hoy! Since we're making all titis morey in the States from our theme parks, why don't we go over to Europe and make

And in the fairytale world of international finance and politics it came to pass that Prince Michael, the true heir to Uncle Walt's empire, fought off the blandishments of the King of Spain and was persuaded by the Republic of France to create a new Magic Kingdom - to be cailed Euro Disneyland - out-

side the fair city of Paris. The story continued this week with Disney's announcement of ambitious plans to raise £600m for the project through a simultaneous placing of shares next month in the UK and France.

When Euro Disneyland opens on a 4,800 acre site some 32 kilometres east of Paris in the spring of 1992, it will become Europe's largest leisure and tourism development.

Mickey Mouse advances on the fair city of Paris It will be closely modelled on Walt Disney World in central Florida, which in the late 1980s has become the world's most popular tourist destination not only with Americans but with

many Britons as well. Disney's plans to recreate in Paris its success in Florida with Walt Disney World, Los Angeles (home of the original Disneyland) and Tokyo (where it manages but does not own the Disneyland project) will be supported by Disney's first European TV advertising campaign to appear simultaneously

in France and the UK. The campaign, which will break on Monday, is produced by the international advertising group Havas Densu Mar-steller (HDM), under the slo-gan: "Imagine . . if you could transport the magic of Disneyland to Europe, just how exciting it would be." Disney is not saying how

much it plans to spend on the advertising campaign and the promotion is limited only to the period leading up to next month's share flotation. Its decision to use television in the UK and France (but not in West Germany where air-time is difficult to buy at short notice) and press advertising only in the Netherlands and Belgium reflects its determination that the share issue will

Few doubt that it will be so. "Euro Disneyland will change the whole shape of leisure in Europe," argues Paul Slattery, leisure analyst with stockbro-

kers Kleinwort Benson. But he also believes that the Disney operation may not find it as easy to transfer to Western Europe's culture as it hopes. "Disney policy is to sell no alcohol within the main theme park," he points out. "This is a bit like bringing the Bible Belt to Europe and may

irritate some Europeans."
While the idea for a European Disneyland had been circulating among Disney executives even before Walt Disney



Euro Disneyland s.c.a.

died in 1966, it was only with the arrival of Eisner in 1983 that serious planning got off the ground.

Disney carried out extensive market research into the feasi-bility of the project. "We wanted to be sure we could back up our instinctive feel for the theme park with statistics," points out Jean-Marie Gerbeaux, marketing vice president for Euro Disneyland. It talked to overseas visitors

to the US theme parks (the UK

and West Germany provided the most visitors to Walt Dis-ney World after Canada) and carried out interviews with groups of consumers throughout Europe to determine how far they would travel to visit a

Disney theme park.
It also employed the consultants Arthur D Little to help establish the viability of a Disney park in Europe - duplicat ing the approach adopted by the company's founder when he built Disneyland in 1955 and

retained the Stanford Research Institute to help find a site.

Although Disney was inundated with offers to locate a Magic Kingdom throughout Europe, the choice came down to Barcelona or Paris. In the end Paris won, in spite of a worse climate, because of its central location; some 132m Europeans live within a day's journey of the site, although Disney estimates that many will come from much further

It is reckoning on receiving a minimum of 11.7m visitors in the first year of operation, rising to more than 16m by the time the site is fully developed

in the year 2011. What makes such target fig-ures not only achievable but likely to be well exceeded is Disney's greatest asset: its brand name. Research by Landor Associates, the San Francisco-based consultants, found that Disney was ranked the seventh most well-known brand name in the world (Coca-Cola was first) and seventh also in terms of consumer esteem (Coca-Cola was ninth). In the entertainment industry alone, Disney was ranked as the world's number one brand. Such esteem has been a consistent part of the company's marketing philosophy since Mickey Mouse first made his debut in 1928. Any use of Disney characters in merchandising or films is carefully monitored to ensure that the quality of goods or way in which the

image. The company's legal department is infamous for tracking down and taking action against any unauthorised use of a Disney trademark.
Walt Disney himself explained the power of the brand name: "It stands for something and you don't have to explain what it is to the public. They know what Dis-ney is when they hear about our films or go to Disneyland.

They know they're gonna get a

character is portrayed is con-sistent with the company's

certain quality, a certain kind of entertainment."

Television has always been the cornerstone of Disney mar-keting, ever since Walt's TV programmes in the early 1950s helped to publicise and pay for Disneyland. In the same way the judicious re-issue of Disney classics in the cinema and now on video has helped keep the brand name in the forefront of consumer awareness.

Having pulled out of a projected venture with Sky Television, Disney is building up its coverage throughout Europe on existing networks. ITV, for example, has just started a Sunday morning showing of the Disney Club and Disney family movies are enjoying a good run at present. France has 4.5 hours a week of Disney programmes.

Disney's marketing strategy for Europe, moreover, will encompass roadshows featuring Mickey and friends in spe cial presentations to the travel trade to get Euro Disneyland on the tourist map before the

David Churchill

. 44

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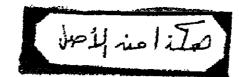
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Applicants who would like to discuss these posts informally are invited to contact David Morrell, Manager Internal Audit and Special Projects on 01-832 6231.



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the design and implementation of a comprehensive financial planning process and the development of new management/financial accounting and reporting procedures. Additionally, you will be expected to exercise enhanced control over company balance sheets, with particular emphasis on establishing performance ratios and criteria.

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TECHNOLOGY

expert systems, are at last beginning to do useful work in the financial sector. Each of Midland Bank's 50 corporate banking centres in the UK now uses the Credit Assessment System (CAS). The system has been largely responsible for an 18 per cent increase in corporate business this year, claims Philip Langs-dale. Midland's director of group information technology planning.

"It enables a manager to grant credit on the spot, where appropriate, gets rid of paper-work and other chores and allows him to get on with the real business of the bank, providing service to our customers. It's a powerful support system which enables managers to make quick, consistent and well-founded decisions," says

Langsdale."
CAS sifts loan applications and renewals, setting credit authorisation levels. With access to the database records of all corporate customers, it analyses each customer's balance sheet, works out ratios and gives the customer a credit score ranging from 0 to 100. CAS was written in Application Expert, which is a shell (set of programmes) from Culli-net Software, of Hertfordshire.

The ultimate decision on whether to grant credit rests with the manager. But the system puts information at his fingertins which was previously hard to obtain. It also offers guidance. For instance, for a customer with a poor score it might say: "Highly questionable. Any sanction given despite this result should continue only on condition that future trading performances

Bruce Andrews finds financial institutions making work-horses of knowledge-based systems

The growing role of computerised expertise

Barclays Bank has developed a knowledge-based system for its investment bank subsidiary, Barclays de Zoete Wedd, which helps to preserve Chi-nese walls. For example, BZW's corporate finance divi-sion regularly advises on takeovers and mergers and the equity division trades large numbers of shares every day. Confidential client information must never be passed from one division to another, nor abused in order to benefit the house or other clients. "The system has a negative value, really," says Peter Cloot, head of special projects. "We hope it never discovers anything but it

never discovers anything but it has to keep looking."

Written in the OPS5 language, developed by Carnegie-Mellon University, of Pennsylvania, the BZW system has access to the corporate database. It contains three types of knowledge, applied from the knowledge, culled from the compliance staff:

 It knows when and where to look for causes of concern.

• It knows how to combine and weigh evidence to decide if a case if significant.

It recognises the most important features in "noisy" (cluttered) graphical data.

the bank's risk regularly design, develop and deliver. Joanna Freeland, of the BZW compliance team, says: "One of its virtues is that we can add and modify the information as we wish. It's working well now but increases in value as we test and improve it."

A knowledge-based system used by the TSB (written in a shell called KES from Software Architecture and Engineering, of Virginia) gives personal advice to customers who are leaving the UK for more than one tax year. The customer is invited to complete a simple questionnaire which asks for personal details such as intended country of residence, property owned in the UK and savings accounts. It also encourages customers to ask for information about products and services.

The questionnaire is entered into the system, which then generates a personalised 6 to 10-page letter from the TSB overseas branch. This offers advice and gives details of the products and services asked about. About three minutes is all it takes from questionnaire input to letter printing.

"The business of the over-seas branch addressed by the system has increased significantly since it was launched."

the TSB Group's knowledgebased systems section. Recent investigation into

knowledge-based systems* found that, although more systems were coming into suc-cessful use, many had failed or been abandoned. This is not usually the fault of the tech-nology, which is now capable of producing effective systems for innumerable applications.

The Harwell Knowledge

Engineering Centre has identified certain attitudes as either preventing organisations from adopting expert systems or hindering implementation, and labelled them "escapism, hideboundness, timorousness, pessimism, tunnel vision, mam-

see how they count in a man their business strategy, says Gillespie. Systems for commer-cial risk underwriting and for working out the effects of the Financial Services Act have monism and fetishism."
Peter Gillespie, manager of
the Prudential Corporation's
expert systems group, has built
systems direct in the knowedge-based system language, Prolog, using Sun Microsystems workstations. But at first he found little enthusiasm for the technology on the business side of the company and coolness almost amounting to antipathy from the data pro-cessing people, who regarded these systems as new-langled, personal computers, for which Prudential used a shell called Leonardo from Creative Logic, over-hyped and unnecessary.

A Prudential system for

WHO MAKES THE DECISIONS AROUND HERE ANGWAY-YOU OR THAT THING? OURSE

ROBERDENCE

of Middlesex. Gill Brackenbury has specialised in producing prototypes of these systems and then training business people to develop them. The most successful PC system so far, which constructs corporate pension policy documents, will be released in October. Ernst & Young, the accountancy and consultancy firm, had difficulties when it devel-

oped a knowledge-based reinsurance recovery system for a leading Lloyd's managing agency. A director of the agency estimated that as much as 20 per cent of recovery revenue was being lost because of failure to claim on the right

reinsurance policies. Ernst & Young's system is written in Goldworks, a PC toolkit - a set of programs and programing tools - avail-

able through Artificial Intelligence, of Hertfordshire. It doc-uments the reinsurance contracts and ensures accurate detection of recoveries. There are also plans for enhancements to ensure that the rein-surance programme is fully robust, providing the cover required without duplication and at the lowest possible premiums. Unfortunately, its implementation has been delayed by problems with the agency's conventional comput-

ing systems.

Ernst & Young, however, has since developed a similar system for a European reinsurance company. This system goes one step further, producing collection notes for the claims identified and providing a full accounting analysis. Now under client test, it cost

260,000 to develop and will produce substantial savings, claims Roger Hopson, Ernst & Young insurance specialist. The speed with which it generates collection notes is alone expected to provide a cash-flow advantage worth about \$80,000 a year in interest saved.

Accountants and manage ment consultants are often closely involved in the development of knowledge-based systems and sometimes come up with their own Coopers & Lybrand, for example, has developed Expertest for the developed Experiest for the production of audit test programs. Previously, auditors at Coopers worked from complex forms known as "yellow sheets". These can run to many hundreds as there is one for every account balance that has to be tested.

Developed in Coopers' own

Developed in Coopers' own shell, Q-Shell, Expertest elimi-nates the yellow sheets, producing a test program according to answers given to questions about the client and the audit strategy. It also produces a report summarising how the

program was tailored.

Mollie Bickerstaff, audit
partner, says: "Expertest belps us sustain consistent quality saving time at junior and senior levels in an area fundamental to Coopers' audit approach. It is exactly targeted to what we want to do. It also relieves audit staff of tedious

"Successful Expert Systems" - a Financial Times Manage-ment Report. Telephone 01 799

The author is managing editor of FinTech, the Financial Times ness aspects of new technology.

A warmer place in the public's heart

cientists often complain that the public does not appreciate their work. But a new opinion poll, released at the British Association for the Advancement of Science meeting yesterday, shows that science is not only highly respected but also ris-ing in people's estimation.

The poll, carried out by Gallup and published in New Scientist, shows that the "scientific community" is now the third most respected "institution" in Britain, after "medi-cine" and "the military". It has overtaken the "legal sys-tem" since the last poll of this type in 1985.

The most encouraging find-

ing for scientists is that 51 per cent of people think the Gov-ernment should spend more money on scientific research, compared with 44 per cent in 1985. Only 10 per cent believe research funding should be cut. This suggests that lobbying by groups such as Save British Science may have influenced public opinion.

The poll also showed that about three-quarters of the respondents agreed with the following propositions: • It is important for Britain to be a leading nation in sci-

Many of the world's problems can be solved by scien-tific research.

 Politicians' do not know enough about science to judge its importance.

Gallup asked its sample of 1,000 people which fields should be given priority when dividing up the money avail-able for research. Not surprisingly, medical research topped the table. And environmental concerns pushed "control and reduction of pollution" up to second place from fourth. Among the fields that have

dropped in the league table of priorities are information technology and computers. Only 8 per cent of respondents give high priority to this today, compared with 19 per cent four years ago. This fall may reflect growing public familiarity with computers or even boredom.

motor fleet underwriting,

The poll shows a public antipathy to space exploration that may surprise some peo-ple. Only 3 per cent of those questioned would give priority to space exploration - down from 5 per cent in 1985 (before the Challenger space shuttle disaster). At the same time the proportion who rate space exploration as the most important scientific achievement since the war has fallen from 17 per cent to 3 per cent.
As a trick question, New Scientist asked Gallup to include

a non-science, astrology, in the list of research fields. The

the British Association at SHEFFIELD

ready in April 1988 after 18 per-

son-months of development,

lies on the shelf, unused

because the managers did not

see how they could fit it into

ironically it was the previ-

ously sceptical data processing department which finally took

the plunge, adopting a system for computer batch scheduling.

The expert systems group is also working on systems to support the development of

new insurance products. Man-agers are coming to accept knowledge-based systems on

science

scientists: 2 per cent of people said astrology should be given a higher priority and 28 per

result was reassuring for real

Clive Cookson

Intel embeds its lead with a chip that can do even more at once

ntel Corporation, the US semiconductor manufacturer, claims to have greatly increased the performance of the type of microprocessor used in embedded computer systems. These control the functions of equipment ranging from laser printers and facaimile machines to industrial controllers and commun. machines to industrial controllers and communications systems.

The leader in the market for microprocessors for desk-top computers, Intel aims to extend its position in the embedded control market with its new i960 CA chip. It features a "superscalar" design, which substantially increases performance by enabling the device concurrently to fetch, decode and begin executing more than one instruction at a time. This results in a sustained, rather than peak, performance of 66m instructions per second, many times higher

than competing microprocessors.

To demonstrate the power of its new chip, Intel replaced a Motorola microprocessor in a laser printer. Powered by the Intel chip, the printer took 22.5 seconds to print out a complex page of spiralling text. With the original Moto-rola chip, the same task took six minutes. The 1960 is the third in a series of important

microprocessor product launches by Intel, which earlier introduced the 486 for use in high performance personal computers and workstations and the i860 for more powerful computer systems such as graphics workstations and

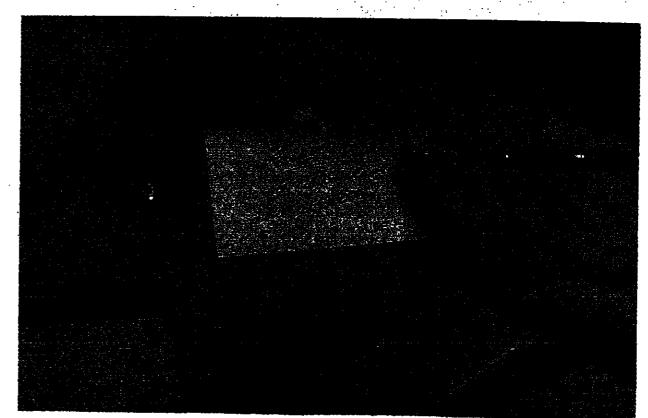
The "triad" represent a new generation of microprocessors with which Intel aims to maintain its world leadership against growing competition from US and Japanese chip makers.

Louise Kehoe

Why are electronic communications faster ... and messages more noticeable?



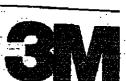
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But 3M's problem solving capability isn't confined to the electronics industry. Do you remember how messages always seemed to get lost before any action could be taken? 3M pioneered on adhesive which is strong enough to stick firmly to most surfaces yet gentle enough to peel cleanly away without damage. And so durable that it could be used again and again. The result - 'Post-it' Notes. 3M solved the problem, giving you a better way to make sure that your message always gets

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Pericles

SWAN THEATRE, STRATFORD-UPON-AVON

Pericles is so rarely performed, and is so fascinatingly slippery a play, that each new revival awakens expectations of discovery. Is it a romance, a miracle play, an episodic travelogue around the Mediterranean fleshpots, an adventure stery? It is all of these, and also a majestic, operatic tale of forti-fied love and reunion between father and daughter, husband.

David Thacker, making his Royal Shakespeare Company debut, allows the piece to expand at its own pace, all bif-tiness intact, without impesing any mood or structure. The production is as gneven as the play, but it does draw to a powerful conclusion. As always, you find yourself gasping with admiration at the last three acts and wondering when the definition treatment was the DITIAG ED

forthcoming.
The last RSC version by Ron-The last RSC version by Ross-Daniels in 1979 was a clear, blanched, uncluttered affair with Peter McEnery as the troubled Prince of Tyre. Thacker's time mode is loosely. Georgian, our Gower guide the ingratiating but haltingly halfcomprehensible Rudolph. Walker. The marauding pirates in Tarsus are Kurosawa samurai with heavy leather tunics and pony-tails. The brothel at.

Mytilene is awash with slops
and vomiting, an infested
dungheap of repulsive cartoonery in which Rob Edwards's striking, Beau Brummel-ish Lysimachus is visibly transformed by Suzan Sylvester's reluctant whore Marina. "One damned thing after

another" is one way of describ-ing the play, but Ben Jonson's "moldy tale" exerts a vice-like grip towards the end. In no other Shakespeare are the characters so helplessly buf-feted by Fortune, a point made

VACHERON CONSTANTIN

with almost monotonous regularity by Gower and everyone else. Bathos is a danger, too, with lines like "Fake in your arms this piece of your dead queen," or "They were too rash that threw her in the sea." And I know it's none of my business really, but I do think the geddess Diana would have shaved her armpits before intervening in her temple at.

Thacker's production, hap hazardly designed by Fran Thompson, aims for a strident Thompson, aims for a stricentvigour at such moments, leaving Nigel Terry's blasted,
shell-shocked Pericles to react
with a mixture of stoic indignation and blank astonishment.
This is an intelligent but curlously colourless performance,
executed on the assumption. like much in the preduction, tance to follow what is going

The opposite is true, and the evening disappoints most in its lack of narrative coherence, underpinned by a wingeing synthesized soundtrack by Mark Vibrans. In terms of the company, it is all change for the second half of the season, with *Pericles* in the Swan and As You Like It in the main house warming us up for Antony Sher's return in a new play and Charles Dance as Cor-iolanus. It is difficult to feel at home with a cast of so many Stratford novitiates, but one or two recruits I trust will be permanent: Russell Dixon, for instance, who enlivens the brothel scene no end, and Jane Mand whose icily vicious Queen Dionyza is a a cross between a Disneyland wicked witch and the nasty old hag in Combeline.

Michael Coveney

MAN HIS. CH 1204 GENEVE

CINEMA

Sitting on a time bomb

Volerant, liberal atti-tudes may be desir-able things, but what happens when those qualities are expressed in such a confrontational way that they actually stimulate the opposing views of others? In Talk Radio we see a phone in show host so consumed by the power he has over his listeners that he provokes the responses of the most extreme racists so that he can ridicule and lecture

them, and cut them off the air when they start to bore him. The scenario is inspired by authentic radio shows all over America which, while inviting a healthy voicing of public opinion, serve to stir up the apathetic surface of suburban existence and show, simmering underneath, the dissatisfactions and insecurities that can turn to bigotry with the small-

est encouragement.
Collaborating with director
Oliver Stone (Wall Street, Platoon) the film's star, Eric Bogasian, has developed his original stage show into a compulsive and terrifying piece of cinema. The action is almost exclusively confined to the tiny radio studio and Bogasian's prowling figure, antagonising callers, ranting at his crew, but Stone and his director of pho-tography, Robert Richardson, make a virtue of the setting's claustrophobic atmosphere, and the framing and tracking consistently captures the intensity and suspense of the action in an astonishingly cine-

Supported by a superb cast (Ellen Greene, Alec Baldwin and John C McGinley), Eric Bogasian gives an outstanding performance sitting on a time-bomb of his own making. It is inevitable that someone is

TALK RADIO Oliver Stone

LETHAL WEAPON II Richard Donner

> BAD TASTE Peter Jackson

PATTI ROCKS David Burton Morris

APARTMENT ZERO Martin Donovan

SPEAKING PARTS Atom Egoyan

THE AMERICAN WAY Maurice Phillips

going to get him, it is just a question of when and how. Danny Glover finds himself sitting on a bomb of a more tangible kind in Lethal Weapon II. Caught quite literally with his pants down, his lavatorial ordeal inspires one of the many tests of mutual loyalty between him and police part-ner Mel Gibson. It results in one of the more modest effects
- only half a house and a car are destroyed - in a film which features an overwhelm-ing series of spectacular chases, wrecks and devastation, hung around a simplistic plot involving South Africans using their diplomatic privileges to cover up a \$1bn drug operation.

There is some perfunctory romance between Mel Gibson and Patsy Kensit but the film's strength, as in the original Lethal Weapon, lies in the

friendship of the two police men, non-stop enthralling speexhilaration during its violent

director Peter Jackson probahly produced his horror film Bad Taste for the cost of a day's lunches on Lethal Wenpon II it would be nice to be able to say that the short cuts did not matter. Unfortunately, though he has certainly been ingenious in achieving his special effects - mostly exploding bodies stuffed with offal or other standbys from his larder - this comedy about the pursuit of allens using humans to service a fast food chain on their home planet, is slight and not very funny. If the film sometimes seems more repellant than those of George repellant than those of George Romero, who must be Jackson's role model, it is merely because there are plot or production values to distract you. There is something admirable about Bad Taste being released at all, but it can only be recommended as a curiosity for the dedicated borrow fan. dedicated horror fan.

another whiter/director working on a tiny budget. Happily the only offal he employs is the heart he puts into Patti Rocks, a story of two friends, Billy and Eddie (Chris Mulkey and John Jenkins), who have some how got to sort out the dilemma Billy has created by getting his girlfriend pregnant. Billy has neglected to tell Patti (Karen Landry) that he already

cial effects, and the humour of the dialogue. Lethal Weapon II might send you home feeling vaguely embarrassed by your moments, but as a piece of exciting, funny, even affection-ate entertainment, it is a total New Zealand actor, writer and

David Burton Morris is another writer/director work-



Eric Bogosian in "Talk Radio"

has a wife and two children, and looks to Eddie, his sensible sidekick, to break the news. Fortunately Patti is a match for both of them, and her maturity puts Billy's male posturing, revealed in a fascinat-ing dialogue as the two men drive to her home, to shame.
"Where would you be without women?" she asks them. "Who would you have to feel supe-rior to?" Her sanity puts her attitude into perspective and, though she exposes some unpalatable chauvinism as a sad admission of failure, the film is thoughtful and humorous rather than depressing.

Not surprisingly in a film whose hero is a film buff, Apartment Zero is full of Hitch-cockian moods. Thrown into sharing a flat in Buenos Aires, repressed Adrian and outgoing Jack (Colin Firth and Hart Bochner) get on surprisingly well. Both have something to hide, and one of them is probably a murderer. But is he the most dangerous? Bochner and Firth are marvellous as the

two opposing personalities pushing each other to the limit - the ultimate Odd Couple as Adrian might observe. Though the action slackens when the other residents of the apartment building intrude, that cannot destroy the tension of an unusual and challenging thriller.

There is plenty of meaning-ful dialogue in Speaking Parts, a Canadian film about obsessiveness in various forms: a writer's love for her dead brother, a young actor's ambi-tion, in the infatuation of his inarticulate girlfriend. Director Atom Egoyan uses the medium of video in a variety of ways - characters watch films on video, shoot home movies on video, make face to face conference calls using video screens, and the action revolves around the making of a television film, probably shot on video. His characters are barely capable of making human contact, very experience increases in value when seen through a viewfinder.

Egoyan takes some trite

ingredients and puffs them up into a pretentious confusion about a couple who must escape their fantasy lives and find reality. Mercifully Talk Radio, which deals with similar themes more directly, dra-matically and excessively, is available to remind us that films do not have to be obscure to be intelligent.

Made in 1986, The American Way, a comedy about an old army aircraft that has been converted into a pirate TV station headed by Dennis Hopper and dedicated to spreading pacifism (in the most violent way possible), could just as easily have been made in 1976. Though the adjectives that spring most readily to mind are juvenile and dated, and the rock sound track is positively nostalgic, the film has a play-fulness and vitality that makes it surprisingly entertaining. Opening without a certificate at the Scala Cinema Club does not suggest a long run.

Ann Totterdell

Rigoletto

COVENT GARDEN

The Royal Opera season opened with a not-quite-up-to-sport Rigoletto which promises befor for later performances. (And there are loss of these a further six this mouth, and then four in November.) It seemed incompletely rehearsed (by the chouse espe-cially), and in Act 1 quite often on the edge of mishap. Yet for all that there was an excitement about the operathat was missing the last time it was performed here.

This was last December,

when the Noria Espect produc-tion was first shown. At the time I was greatly moved by its grand sobriety; but I have to admit that it does not stand up very well, all the way through, to a second viewing. For all their austere beauty and accuracy in summing up a particular time and place, Ezio Frigerio's sets offer the singers some oddly circumscribed act-ing areas (the first fatherdaughter duet is awkwardly penned upstage). His perma-nent front gause is gone, and brighter lighting replaces it a popular decision, even if on Tuesday it tended to highlight the randomness of choral grouping and placing, and the improbable sheet-curtain rain-storm in the final scene.

storm in the final scene.

The new source of excitement was supplied by Sian Edwards in the pit. From her 1988 Traviata at Glyndebourne we learnt that this conductor is a livewire Verdian. Here, there was the same urgent rhythmic command, impassioned but not frenetic, and with it the same instinct for drawing out the expressive leanness and intensity of the right sort of unworldly tenderness in her face. Now she needs to address the part with the the-

The feeling for pace shown throughout Act 2, which flowered in a "Si, vendetta" both steady (real "vocal" conducting, this) and pulsating with drama, needs to be developed further; but earlier in the evening Miss Edwards had her work cut out to keep the reins on a veteran Rigoletto uncomon a veteran algueror incom-fortably short of voice and a debutant Gilda nervously apt to anticipate or fall behind the beat. With all these (and other) handicaps, it was an impressive performance; if only some guardian angel of Italian Romantic opera could descend from heaven and give class in the finer points of Verdi style! (Are you listening, Tullio Serafin?)

Ingvar Wixell's Rigoletto, vocally threadbare in "Ahl veglia o doma," summoned up the knowhow gleaned from long experience to get through the later acts with dignity and some power; those who remember this singer in his prime will hardly avoid a serprime will hardly avoid a sensation of regret on hearing him so plainly beyond it. him so plainly beyond it.

By contrast, Leontina
Vaduva, the young Romanian
soprano who came to notice
here as Massenet's Manon, has
a splendid career before her.
This Gilda provided only the
faintest sketch of her gifts —
it took most of the evening it took most of the evening before the tone developed its full velvety shine, the phrases



Leontina Vaduva

atrical authority it also

Of the newcomers to the production (who also included Sally Burgess as an uncom-monly sensuous, full-blooded Maddalena, and Gwynne Howell insufficiently dark or menacing as Sparafucile) it was Jerry Hadley who held the stage with greatest confidence. Lounging tall and personable on a red velvet settee, he tossed off "Parmi veder le lagrime" with lovely caressing charm and a smooth malleabil-ity of shading and dynamics: a moment in which the opera and the production met on

ecual terms. Sometimes Mr Hadley presses for volume on high notes in a way that suggests a desire to emulate the coarser Italian-tenor habits. He must be encouraged to renounce them: already he is the best Duke we have seen and heard here in a long while, and he could be even better.

Max Loppert

Berlin Radio Symphony

ALBERT HALL/RADIO 3

hear one long-overdue musician at the Proms on Monday. It is a mystery how, after 40 years at the head of his profession, the baritone Dietrich Fischer-Dieskau had never before put in an appearance at a Prom season, but amends have now been made with a major solo work in which the extent of his artistry could be judged fully.

Many singers would choose

A nearly full house gathered to

the moment to unwrap an old favourite, a pot-boiler, an audi-ence rabble-rouser. Not Fischer-Dieskau. This singer, who has a repertoire that extends across all periods and styles, with the Suite on Verses of Michelangelo by Shostakovich - dating from the years just before the composer's death, when his thinly veiled opposition to the Soviet system led him to write music that was terse, arid, defeatist and angry. In the Michelangelo Sonnets

the lack of anything lyrical or colourful seems half the point. One imagines Shostakovich composing that way on pur-pose so as to deny his political taskmasters the last drop of beauty or optimism that they might have wrung from him. Soviet singers who tackled the cycle early on certainly saw it in that light. But everything about Fischer-Dieskau's background and unlimited vocal possibilities pointed this performance in a very different

direction.

With each song the singer opened a door on to a new world: an intimate tenderness in "Morning," violence in "Anger," hushed beauty in "Night." One might complain that he did not speak the Rus-sian words cleanly or that too often in moments of passion the voice hit out indiscrimi-nately but never that imagina-tion falls him. Fischer-Dieskau can still fill the Albert Hall, both in voice and personality. For this Prom he had come

with one of the orchestras from his home city, the Berlin Radio Symphony Orchestra. From the coming season their chief conductor is to be Vladimir Ashkenazy, who clearly wanted to waste no time in showing off to London audiences his new orchestra, on this evidence a respectably In the Shostakovich conduc-

tor and orchestra provided a marvellously atmospheric accompaniment for their distinguished soloist, brooding and spacious in the way that the original piano versions of these songs never can be. The other items on the programme were Musorgsky's Night on Bare Mountain and Also sprach Zarathustra by Richard Strauss: both alive and involving, though the latter showed up a few lacunae in the orchestra's technical expertise.

Richard Fairman

The second of the Berlin Radio Symphony's Proms last

night contained no star soloist, but provided solid opportuni-ties for the newly confirmed partnership of orchestra and principal conductor to show their capabilities. They were heard together more convincingly in Shostakovich's Sixth Symphony than in Brahms's First with which they began. Ashkenazy explored the Brahms cautiously, and only gradually allowed it to expand freely; not until the last movement did the music move surefootedly.

The band, which had previ-

ously sounded competent yet unremarkable, seemed to gain in stature as the Shostakovich has yet, it seems, to find the full measure of the first movement, which carries a tragic grandeur as intense and pur-poseful as the more vaunted Adagios of the Fifth, Eighth or Tenth, and which needs to provide a solid counterweight to the subsequent movements. Then Ashkenzay's wit and speed of thought became dazzling, and the orchestral playing, never flashy, was deft and precise. It remains a puzzling symphony, but as performances become less uncommon, it might be slotted more confidently into the Shostakov-

Andrew Clements

Candle-Light PALACE THEATRE, WATFORD

Watford, Lou Stein has dug up a 1929 farce by P G Wodehouse. This is a British premiere, too, of a piece performed on Broad-way by Gertrude Lawrence as

a romantic parlourmaid and Leslie Howard as a susceptible valet. Each falls in love with the other on the assumption Wodehouse was quite happy to let the actors re-write their

thing resembling a witty sensi-bility. One can only guess at the extent of Mr Stein's restoration work but, in general, he has eschewed the French's acting edition and reverted to the text lodged with the Lord Chamberlain and left moulder-ing in the British Library's Manuscript Room. The bland Americanisms are supplanted by more characteristic bland-

a bath tap: "turn it on, and you find yourself in hot water." The blank silliness of these rhythmic aphorisms is enshrined in a pink, decoratively plastered apartment of a German Prince (Philip Bird)

where his pantomime Dandini-cum-Buttons, the valet Josef (Aden Gillett), entertains the Cinderella-ish Marie (Serena Evans) as the result of chance telephone call. She thinks he's the Prince. The comedy kicks up once Mr Bird enthusiasti-cally adopts his man's green waist-coated livery and poses fiendishly in the doorway with

Arthur Bostrom neatly doubles with a queenly, sneering take-out-supper waiter) and his pretentiously domineering wife (Helen Atkinson Wood), suggests a proliferating Ruritan-ian society of false identity and idle promiscuity. The hard props of this sugar-cake escapism reinforce its reality; the five-valve wireless that belches the news, the 1895 bottle of wine that is covered in dust and casually opened, to the horror of its owner. The upstart worm syndrome

is gleefully embodied by Mr Gillett, while Mr Bird cleverly demonstrates various modes of despondency, disapproval and inherent superiority. The class act, though, is Serena Evans's as Marie. Miss Evans deservedly stole the notices from Ian Mckellen and Jane Asher in Ayckbourn's Henceforward and here confirms her arrival in the front rank. In a glittering grey cocktail dress, she launches a stern challenge to Brenda Blethyn as our most appealing new comedienne and projects the exact Wodehouseian sense of sly adventurism common to all his steely hero-

ARTS GUIDE

EXHIBITIONS

London

The Hayward Gallery, Andy Warhol – two years after his death, a comprehensive retrospective of the career of this seminal yet ambiguous and still controversial artist, since he turned to painting from graphic design in the serie 1980s Someored in the early 1960s. Sponsored by BP. Daily until November

5.
The Serpentine Gellery. "Success is a career in New Yerk" — this study of Andy Warhol's early career as a graphic designer and illustrator in New York in the 1950s is complementary to the retrospective at the Hayward and essential measurement when and essential preparatory viewing. Sposored by West Industries.
Daily until October 1.
The Royal Academy. Gauguin and the School of Pont Aven

and the scientific study of the prints made in the 180s and 1890s by the loose society of art-ists that came together at Pont Aven in Brittany, of which Gau-guin was the leading but not necessarily, at the time, the out-standing figure. Sponsored by Banque Indosuez and W.I.Carr. Daily until November 19.

The Whitworth Gallery. The Last 100 Years — a celebration of the centenary of Manchester University's great gallery through four small displays taken from its study collections: Drawn to Paper – a selection of British drawings and water-colours 1900-1939; A Century of British Printmaking, The Magic influence of Mr Kydd — blocked and stencilled wallpapers 1900-1925; and Modern Art & Tex-tile Design 1930-80; throughout the summer.

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, startswith statues and bas-reliefs dating from the

middle empire, continues with with some elements of Roman art and Coptic icons. 1, Rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (40512838). The Louvre. The glass pyramid, built by LM. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Open 9am-8pm, Mon and Wed until 9.45pm, closed Tue.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-228978).

Musée du Costume et de la Deu-telle. Women and Equality 1789 - 1889. Ends Sept 24.

Amsterdam

Amsterdam Hstorical Museum. A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker. Spanning four centuries, they range from delicate architectural detail to grandiose pipe-dreams, and merely whet the appetite to see more from this fabled collection of more than 1,000 sheets. tion of more than 1,000 sheets.

Beethovenhalle Bonn. 50 por-

traits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethovenfest, an Andy Warhol exhibition is taking place until October 1.The Bonn gallery owner Her-mann Wuensche commissioned these Beethoven portraits from Andy Warhol for Bonn's 2,000th

Vienna

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Lud-wig Wittgenstein, the philosopher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed.

Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art (Flavin, Judd. Morris), to conceptual art and Arte pov-era, with works by Gilbert and

George, Paolini, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Until Oct

Bussian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Caran-dente an immensely effective setting turning the ground floor. setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 30.

Venice Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. Ends

New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.

Tokyo

Teien Museum. Arts of Edo/ Tokyo. A celebration to mark four centuries of creativity in former Edo – present-day Tokyo. The Teien Museum has one of the world's finest art deco interi-ors and a pleasant garden. Closed

To start the Autumn season at September 8-14

that he and she are not what they seem. Based on an origi-nal play by Siegfried Geyer, own lines. Lou Stein, the director, gives an example in the programme of the distortion: "Just by a glance at my voice" was amended in the acting edition to "Just by the sound of my voice" which makes you wonder if Miss Lawrence had any-

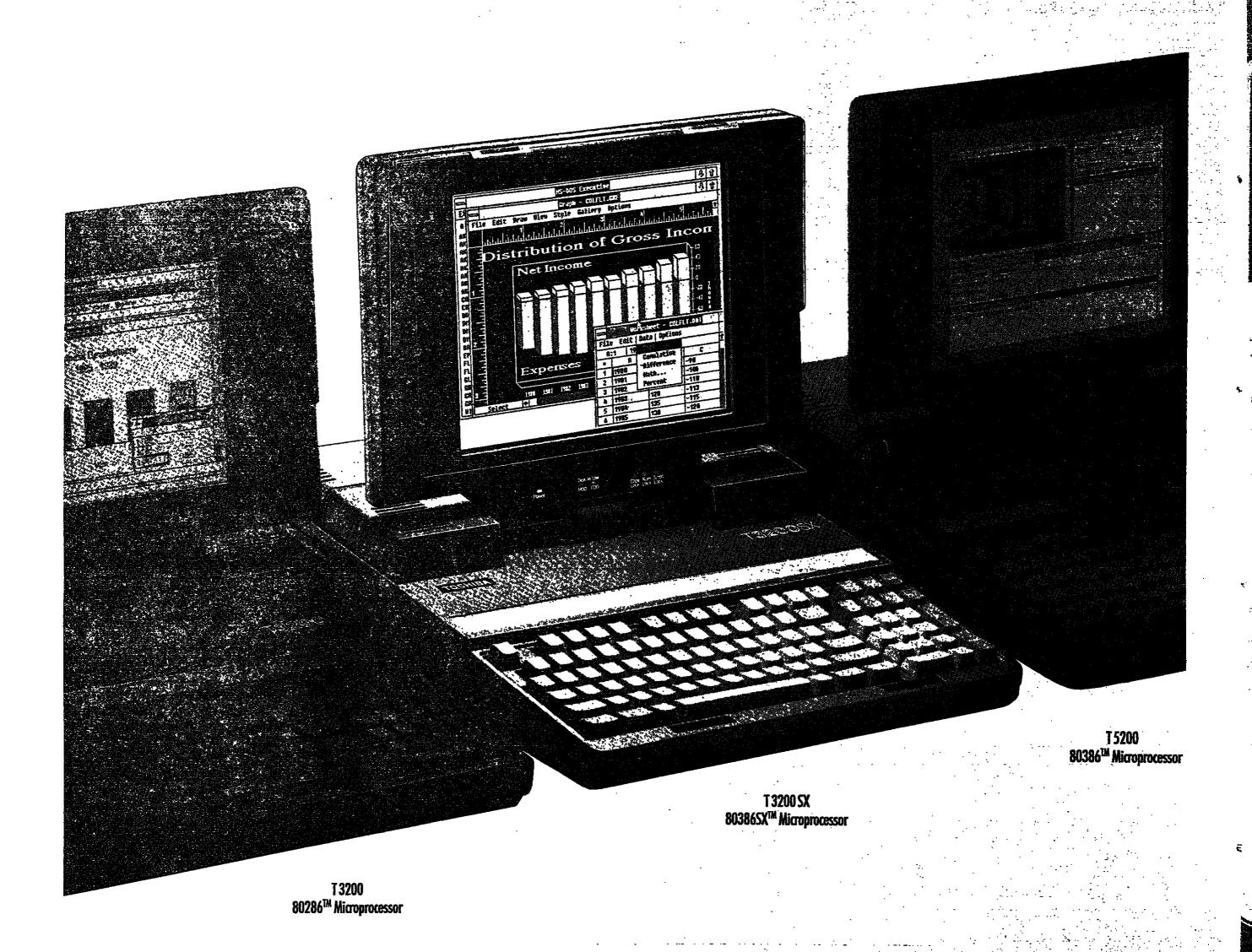
ing Anglicisms. If the woman's the right woman, her rank doesn't mat-ter a hang."Wives are like cigars; they are never so good if you let them go out." "A bachelor is just a man who is cheating a nice woman out of a divorce." And a woman is like

a coffee tray.
A clever sub-plot, involving a ridiculous Baron (whom

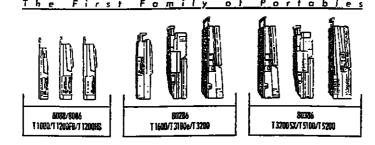
Michael Coveney

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ful.
Their ability to win what they described as the best package ever offered to manual workers resulted. from a summer which was one of the most successful three-month periods for public sector trade unions in more than a decade. British Rail workers, London Underground drivers and white collar staff in local government took on their

managements and came out on top.

Their industrial action forced employers to back down on cherished proposals to win productivity concessions or decentralise collective bargaining. Each group also won pay rises above the rate

Partly as a response, the Government is considering legislation to curb public sector strikes. But ministers will also be looking at the summer of troubles to see what it tells them about the mood of workers either directly employed by the Government or by public corpora-

They are unlikely to like what they see. In spite of the recent above infla-tion rises, public sector workers almost invariably feel they still have a griev-

ance on pay.
Since Mrs Thatcher's Government came to power there have been undoubted winners on the pay merry-go-round, including police officers and firemen who both have pay indexed to earnings rises. But most public sector workers have seen their

pay fall in relation to the private sector in the last 10 years. The other main factors influencing pay are growing skill shortages caus the fall in unemployment and the cline in the number of school leavers. With the economy slowing, the jobless total may soon start rising again. But the number of teenagers is dwindling and will continue to do so. .

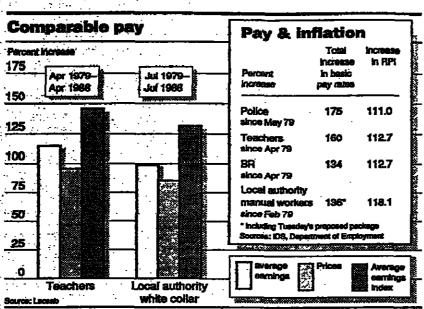
One simple comparison tells the story. In 1986 there were 3.5m 16- to 19-year-olds; there will be only 2.6m in the mid-1990s. That means that many young people will be able to pick and choose where they work, and more women - who form more than half the public sector workforce, 3.29m out of a total of 6.31m - will be tempted into the private sector.

Labour and skills shortages are affecting all areas of the public sector, low paid or not. Most of this year's public sector review bodies, which recommend pay awards for 1.34m workers including nurses, doctors, dentists, the armed forces and judges, drew attention to problems in attracting people of the right calibre or in sufficient quantities. According to the top salaries review body, the number of people applying to the civil service with the ability to reach the top has halved in three years. The doctors and dentists review body reported a 32 per cent decline in applicants to dental schools in the last eight years and a similar tail-off in medical

This summer's strikes reflect some-

Michael Smith on the Government's dilemma over public sector pay

The lid is still loose



tion and interest rates. Large parts of the public sector are facing deep-seated problems of staff recruitment, retention

and morale.

Government policy is heavily infin-enced by Mrs Thatcher's inheritance of the Clegg Commission on public sector pay. It was set up by the Callaghan Government in the wake of the 1978-79 winter of discontent to compare salaries with those in the private sector. The salary rises resulting from the commission's recommendations fuelled high inflations in the contra inflation in the early 1980s.

A return to pay comparability with the private sector might solve some of the public sector's recruitment problems and produce more stable indus-trial relations. The 19,000 ambulance workers who last night began an overtime ban over a 6.5 per cent offer want index linking. But this Government is unlikely ever to countenance an extension of full comparability beyond the police and the firemen.

After Clegg, the Government experimented with setting specific targets, well below inflation. But this was abandoned in the mid-1980s in favour of cash limits. Under this system the Government gives a corporation or authority a budget: if high pay rises are conceded sacrifices will have to be made else-

When the councils conceded an 8.8 per cent rises to manual workers this week, therefore, the Government warned that jobs and services might thing more than the recent rise in infla- have to be cut as a result. The rise in the rate support grant would not be changed from 3.8 per cent to finance the

rises, it said. The Government's criticism of local authorities on Tuesday was at first sight confusing on the same day the Treasury announced a tentative deal worth 8.7 per cent for 50,000 Inland Revenue staff.

However, ministerial annoyance with councils results partly from the authorities' abandonment of attempts this summer to introduce more flexibility into national pay bargaining.

The Government believes more decentralised pay bargaining would allow employers to tackle skill shortages more effectively. Over the last two years the Treasury has negotiated a series of agreements with unions which allow it some of the flexibility the Government wants other employers to

In return it has conceded a diluted form of comparability with the private sector. It is prepared to admit comparisons with private sector workers, pro-vided that the top quarter and the bottom quarter of comparable settlements are excluded.

The Government points out that the Inland Revenue staff settlement and others like it give the biggest rises to talented people in the south east, where skill shortages are worst.

In spite of the Government's enthusiasm, regional pay has failed to take root outside the civil service. A £5m a year scheme in the NHS amounts to less

than I per cent of the pay bill. The nurses' pay review body warned that without proper control, regional pay could lead to uncontrollable wage drift and shift shortages from one area to

Elsewhere it will will take some time for pay determination to be decentral-ised. In education and health decentralised pay bargaining may well only fol-low much larger changes, such as the introduction of self governing hospitals. and schools which have opted out of local authority control.

Against that, the Government can point to some success in the effect of compulsory competitive tendering on council pay bills. Compulsory tendering, which took effect in August, forces authorities to compete with private contractors for the right to run services performed by manual workers, including street cleaning and refuse collec-

The idea is that workers and union leaders will be forced to think about the effect of high pay rises on their jobs. If their wages are too high, the service will be too expensive to operate and the councils will lose the right to operate it and workers will lose their jobs.

That did not stop the manual workers demanding an increase to their pay bill higher than inflation. It has, however, forced councils to shed staff. Those in work may still enjoy the same pay but their productivity is improving and the

pay bill is benefiting as a result.
Furthermore it is likely that compulsory competitive tendering has restrained any militancy felt by manual workers. Their jobs are most at risk as a result of compulsory tendering, they are one of the few public sector groups who have not threatened industrial action during pay negotiations summer.

In the civil service the creation of semi-autonomous agencies to run operations like the Employment Service or Her Majesty's Stationery Office will

in the long run introduce more competitive pressure and fragment national For the Government, another option might be to extend the role of the pay review bodies, which award rises that the Government and local authorities then have to decide how to fund. Teach-

ers may well be included soon. But this does not offer a quick solution. The final option being considered by the Government is to make public sector strikes more difficult. One of the possibilities under consideration would introduce cooling-off periods to allow further negotiations after ballots have approved industrial action among workers in essential services. An outright ban on strikes in essential services is unlikely. Some essential services such as water and electricity will soon be in

the private sector. The Tories came to power in the wake of 1979's "winter of discontent" determined to reduce the share of GNP devoted to the public sector, to press ahead with privatisation and put a lid on public servants' pay. The Post Office strike, the NHS strikes and the others this summer show that the position of the public sector is still unresolved. Public services workers may not have the power to disrupt Governments they once had, but they can still unsettle

Water flotation

Labour's attitude to the privatised industry

By Bryan Gould

he political difficulties which have beset water privatisation have served only to emphasise how much now rides on a successful flotation in November. The Government cannot afford a failure, either financially or – more importantly - politi-cally. After the fiasco of the BP lotation, and the recent evilence that share ownership has not shown the hoped-for growth, success in November s essential to restore credibil-

ity to the privatisation programme. Success, particularly in the political sense, will be mea-sured in terms of how enthusiastically the small investor goes for the issue. That is why the Government will spend millions in the next two months on persuading private savers to invest and why we have had such strong hints that special incentive prices will be offered. But how good an investment prospect is water for the small investor? There is already substantial vidence that political objec-

Labour in power would close the current "cost pass through" loophole

tions to the privatisation of

water will influence the decisions of many potential inves-tors. Even as a straightforward investment prospect, the water industry's difficulties mean that water shares may not be a sure-fire winner. The prohibition against the publication of research and analysis by firms involved in handling the flotation (which affects virtually all the big securities firms) will, by denying the private investor access to a vital source of inde-pendent advice, make many even more hesitant. There is, however, an important addi-tional factor of which all investors should be aware.

Labour has made it clear that water is at the top of the list of the great privatised utilities which are scheduled for return to some form of public ownership. There is no doubt that public opinion strongly supports a reversal of privati-sation; and the likely election of a Labour Government committed, with public support, to returning water to the public sector should certainly be taken seriously by potential

In the Policy Review, Labour leaves open the question of whether the purchase of equity will be the preferred means of asserting public control, but we make it clear that a fair market price will be paid for any equity acquired in priva-tised enterprises. This begs the question, of course, of what a fair market price might be. Investors must always be

prepared to see the value of their investment move in response to a range of factors. but in the case of water shares there are special reasons for expecting that their value might decline in the period between the election of a Labour Government and the re-purchase of the shares.

The first factor is that a Labour Government would not be as lenient towards the industry as the Tory Govern-ment has been in the matter of moving to meet EC standards. The somewhat leisurely time-table proposed by the present Government would be consid-erably speeded up, and compa-nies would no longer be protected by promises of derogations, with significant consequences for the investment obligations and therefore

profit margins of the water Secondly, the Labour Gov-ernment will take a much tougher attitude towards the formula which determines the prices the water companies are permitted to charge. We shall assume, for example, that the K factor has taken account of obligations which have yet to materialise in a formal sense but which are nevertheless clear in prospect, so that the "cost pass through" loophole will effectively be closed.

Section 7(2) (b) of the Water Act prescribes that the Direc-tor General of Water Services shall set prices to ensure that the water companies can invest adequately. This suggests that the present policy of raising prices in order to finance investment out of current income is likely to be

This is an unusual view of how investment should be financed. A Labour Govern-

account, rather than from current income, and only the interest on new capital will be taken into account in fixing prices. Prices will also be fixed to exclude the element of divi-

dend to private shareholders.

The price formula sanctioned by a Labour Govern-ment will also be retrospective in the sense that it will take into account any excess pricing in the preceding period and recoup from the companies any excessive dividends which they might be tempted to pay in anticipation of a return to the public sector. Steps will also be taken to prevent any other form of asset stripping - par-

ticularly of land.
While the terms of the licence could not unilaterally be changed within the initial five-year period (which will not expire until two or three years into a new Government), the regime during the initial five years will clearly have to take account of the likely (and retrospective) revision when the

Steps will be taken to prevent any form of asset stripping, particularly of land

time for re-negotiation is up. For that reason, and in order to avoid too sharp a change, the water companies might find it prudent to agree to an earlier re-negotiation.

The price which is likely to be offered by a Labour Govern-ment for water shares could well be, therefore - without any element of confiscation - well below the original issue price. This prospect should give pause to all potential investors. Any investor who did proceed and then found that his investment had declined in value could have no cause for complaint. The risk in acquiring a share whose value depends on a price for-mula and on investment obligations fixed by Government is plain, and no one could say they had not been put on notice of what view a Labour Government would take.

The author is Labour spokes-man on Trade & Industry

LETTERS

Standards in science

From the President, The Institution of Production Engi-

Sir, I feel compelled to comment on David Thomas's report of the remarks made by Sir Sam Edwards, president of the British Association for the Advancement of Science and director of the Cavendish labo-ratory at Cambridge University

(FT report, September 7).
When the UK is facing up to challenge and opportunity, and striving to improve its position internationally against formi-dable competition from, inter alia, Japan, we cannot contemplate lowering professional

standards.

Engineering and science degrees are indeed difficult to achieve. But I do not finish the academic challenge alone puts off many an aspiring student. Quite the contrary: many find the challenge stimulating.

I finally believe that much of

In challenge simulating.

I firmly believe that much of the problem results from the way British industry uses its newly qualified engineers and scientists. Engineering offers an exciting and satisfying career, but often the challenge is not introduced to the challenge. career, but often the challenge is not fulfilled because we use professionals to perform tasks which do not demand the rigorous training through which they have passed.

Perhaps the real shortage of enginers and scientists to fill the truly professional positions is less than the statistics would seem to indicate. And when you consider that typically, every year. Japan produces

every year, Japan produced 75,000 engineering graduates compared with the UK's 11,000, and 12,000 pure scientists com-pared with our 20,000, we should perhaps think again about both quantity and bal-

We shall never compete if we lower our standards.

66 Little Ealing Lane, W5-

From Mr Ivan Bradbury. Sir, Mr David Thomas, your education correspondent, refers to a national shortage of UK science and engineering graduates in his report of remarks made by Sir Sam Edwards (September 7).

If there was a national shortage of scientists this would quickly show itself in the mar-ket place through an increase in salaries offered. The reason why it is not necessary to offer high salaries to engineers and

there is a glut of them in the market, causing their price to be driven downwards.

British manufacturing companies would have no problem employing scientists if they paid them what they are propared to pay accountants. Ivan Bradbury, Interconnection Systems,

Tyme and Wear

Front Mr J.C. Williams.

Sir, The proposal made by Sir Sam Edwards, to ease the shortage of engineers and scientists by lowering the standard of their degrees (FT report, September 7) is a cause for concern to this institution. To concern to this institution.

To compete in international
markets the UK needs a relatively small number of highly
educated engineers and scientists to conceive and design the
products of the future. The products of the future. The present three-year course is not sufficiently long nor sufficiently demanding to educate such people. In most European countries five to seven years of intensive study is required. Industry also needs a much greater number of engineers canable of maintaining the

greater number of engineers capable of maintaining the manufacture of high quality products to compete in the market today. In Germany such engineers take a three year, highly practical course in a Fachhachschule. The nearest

a Fachhochschule. The nearest equivalent in the UK is an engineer qualified by means of a Higher National Diploma.

Lowering the standard of the present UK three year course will not overcome our problems. This institution and its sister institutions, through the Engineering Council, has been working with the universities and colleges to raise the standard of British engineering education. It would be sad if these hard-won gains were to these hard won gains were to be lost — and further improve-ments prejudiced — by sugges-tions that degree standards should be lowered.

J.C. Williams, The Institution of Electrical Savoy Place, WC2

From Mr Mike Waterworth. Sir, To solve Sir Sam Edwards' skill shortage, why not accept lower qualifications for entrance into industry, rather than degrade the quality of degree qualifications which are always striving for hetter recognition? Mike Waterworth. 16 Ebnhurst Crescent, N2

PEPs and PAYE

Sir, Mr Stanhope White poses the question: "Why do we need fund managers for we need fund managers for PEPs (personal equity plans, Letters, September 3)?" He goes on to suggest that his Inspector of Taxes could man-age the administration for him. Aside from the regulations (which are demanding and expected) in order to reset

expensive), in order to meet most investors' needs, which are both best advice and good investment management in the long term, the evidence suggests that most investors prefer to delegate the investment management and administration of their portfolios to authorised plan managers. They regard as advantageous the fact that they do not have to complete income tax returns for PEPs investments. Now that there are some

500,000 plans in existence

From Mr Stuart Trow.

(value £830m), it would be a tall order to persuade the Treasury to take on their administration and the costs involved. The individual should pay,

rather than the Exchequer.

The substantial tax benefits now building up for PEPs investors represent a generous gift from the Treasury, and it needs to know the aggregate amount for budgetary pur-poses. The Inland Revenue has the responsibility of ascertaining that the regulations are kept - hence the need for pro-fessional plan managers and their efficient computerised

ment's intention to encourage wider share ownership through direct investment by individuals in UK companies.

J.J.C. Edwards,

Henderson Administration,

3 Finsbury Avenue, EC2

Charts, tea leaves, crystal balls

From Mr Stuart Trow.
Sir, Chartists would have been able to predict with 100 per cent accuracy the glee with which Lex greeted a Bank of England study on the art of charting (September 1).
The report purported to show that chartists' currency forecasts were no better than a "random walk." The truth about charting (or any form of market analysis) is that most of the time it is almost impossiof the time it is almost impossi-ble to predict accurately what 2 Shad Thames, SE1

is going to happen.

Charts will occasionally give the analyst an indication of what is likely to occur next. But the signal will not be infallible by any means, serving only to load the dice in the analyst's favour. The secret of successful analysis — and hence trading — is to realise when you have no idea what is going to happen next. going to happen next. Stuart Trow,
Ried Thunberg & Co.

\$25bn inter-ocean canal

From Mr Hiroyasu Ando. Sir, Reading Tim Coone's article (August 30), I would like to point out some inaccuracies relating to the Japanese Gov-ernment's attitude to the so-called "Grand Canal project in Central America."

First, the Japanese Govern-ment has at no time been involved in this project, which is a purely private-sector initia-tive. In addition, the Japanese Government has no plans whatsoever at the present time

In this connection I have to say that Mr Coone's comment that "the Japanese Government . . . has observers represented on the committee from the Ministry of (International) Trade and Industry and the Construction Ministry" is unfounded. The same may be said of his assertion that "Mr Matsuura (the president of the

ad hoc committee which has drawn up the proposal) was apparently officially received by his government to discuss the Nicaraguan proposals." (The reference to Mr Matsuura's position is also in error: he has not, in fact, recently been elected to the Upper House.)

Finally, I fail to see on what grounds Mr Coone can claim that "a change of Government in Japan would most probably bring official backing for the

Reiterating, therefore, that the proposal has been drawn up by an entirely private sec-tor group. I hope these remarks will serve to give your readers a clearer account of the situation. Hiroyasu Ando, Director, Japan Information and Cultural Centre, Embassy of Japan, 101-104 Piccodilly, W1

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Thursday September 14 1989

Unchaining Europe's TV

gone a long way to allay fears among its trade partners that its planned single market is a eprint for an economic "for-ss." This new-found harmony is, however, threatened by a transatiantic dispute over EC plans to regulate television broadcasting. At issue is a pro-posed Brussels directive which eks to ensure that most programming broadcast in mem-ber countries is of Community origin. Urged on by Hollywood, Mrs Carla Hills, the US special trade representative, has con-demned the provision as flagrantly protectionist and hinted at legal action if it takes

On the face of it, the stri-dency of the US protests looks out of proportion to the threat. The proposal as it stands is vague – it talks only of achieving a majority of EC programming where practicable - and would have no binding legal force. It would also allow more US programming than is permitted by many Community countries today. In any case, the whole idea of defining EC origin rules in a business as complex as programme making looks absurdly imprac-

It is also odd that Washing-ton failed to react earlier, when the European Commission was openly considering a much more restrictive approach. Perhaps the belated US reaction is intended to head off French attempts to toughen up the proposal by insisting on enforceable quotas. But Paris is itself split over the idea and seems unlikely to win support from a majority of other gov-ernments, which must reach a decision by early next month.

Consumer choice

Nonetheless, an EC programming preference is a bad principle, however loosely applied. The aim of broadcasting policy should be to maximise con-sumer choice, not to restrict it arbitrarily through bureaucratic intervention. The EC has got itself into a muddle by allowing a modest attempt at liberalisation to be sidetracked by misguided industrial policy. The proposals were designed to dismantle long-standing national restrictions which have prevented the spread of cross-frontier broadcasting in the Community. However, Brussels judged that without some limits on non-EC programme material, the scheme would not be politically acceptable to most governments.

Advocates of EC quotas have made much of the need to preserve Europe's cultural identity. But their motives are in many cases less altruistic. European programme makers have long complained about the difficulty of competing against US companies which can sell their products cheaply to European broadcasters, after amortising all the production costs through sales on their home market. France and Italy, in particular, see quotas as a source of support for their own film and television indus-

Hollywood's advantage That Hollywood has an advantage is incontestable. However, the way for Euro pean programme-makers to get even is to use the EC market to obtain better scale economies, not to try to curb competition

from elsewhere. There is untapped potential for more co-production across borders and for attracting private investment in new pro-gramme-making ventures. If government support is deemed necessary, it can be provided, within reason, by subsidies.

In any case, the use of nanny-state regulations to dictate

viewing habits is increasingly being challenged by the tech-nologies of the new media, particularly direct satellite broadcasting. Once small dish aerials become common, it will be virtually impossible to police the content of the programmes beamed down to them. While government obstructionism may slow the introduction of such services it stands little chance of halting them altogether.

The EC needs to bring its approach to broadcasting policy into line with these devel-opments. Instead of trying to achieve a single market through cumbersome regula-tion, Brussels should use its competition powers vigorously to attack unwarranted national restrictions. If US pressure helps to nudge the Community in that direction, it will have done a service to Europe as well as to Hollywood.

Namibia's vital transition

Lubowski, a senior member of the South West Africa People's Organisation (Swapo) is a tragic warning that feelings in Namibia are running dangerously high as the territory moves to independence. It would be an even greater tragedy if the killing, thought to be the work of white extremists, disrupted a process vital to peace in south-western Africa, and critical for the future of South Africa.

It is presumably for this reason that Mr Sam Nujoma, the exiled Swapo leader, has made the courageous decision to keep to his plan to return to Namibia today, in time to register for the territory's Novem-

At stake is last December's agreement in which South Africa agreed to UN monitor-ing of a 12-month process leading to independence for the territory next April, in return for the phased withdrawal of some 50,000 Cuban troops from

Angola. A successful transition, cou-pled with the installation of a democratic government in Windhoek, might not impress sceptical white South Africans. But the collapse of the transition, the resumption of the ter-ritory's guerrilla war, and the recall of Cuban troops to Angola could have disastrous consequences.

An understandable reaction to Mr Lubowski's murder increase in the UN force which is monitoring the transition. When the settlement plan was drawn up a decade ago, it envisaged a 7,500 strong force. The UN security council reduced this to barely 5,000, over-ruling protests from African and other countries. Council members argued that the situation on the ground did not warrant the extra cost of a

Police force

The subsequent behaviour of members of "koevoet," Namibia's counter-insurgency unit which won a deserved reputation for brutality during the territory's guerrilla war, revived the argument. Ostensibly disbanded before the transition process began on April 1, the unit was incorporated into the territory's police force, and

"koevoet" members continued to operate with impunity in Swapo's northern Namibia stronghold.

The case for an increase in the UN force may have been strengthed by the killing of Mr Lubowski. It should not, how-ever, be necessary. During Rhodesia's transition to Zimbabwe in 1979-1980 there were four armies in the field, drawn from a population seven times that of Namibia, monitored by a Commonwealth force of 1,500 men. As in Namibia, responsibility for the maintenance of day to day law and order rested with the police.

Western diplomacy

What is required in Namibia is a more effective deployment of the monitors, backed where necessary by a Western diplo-matic presence. Protection for Mr Nujoma and other politicians who are potential targets for assassins, should also be stepped up, if necessary with the assistance of those countries who make up the UN

force.
The spectre of a further assassination must not be allowed to distract attention from the questions that Swapo The first is Mr Nujoma's

decision to infiltrate a guerrilla force into Namibia on the eve of the start of the transition, in contravention of the settlement terms. Some 300 guerril-las died at the hands of South African troops in a dishonoura-

ble and futile exercise. Swapo has also to explain a discrepancy which undermines its probity. The party claimed that it supported some 80,000 refugees in Angola and Zambia, and was funded by relief organisations on the basis of this figure. Around 40,000 refugees have returned to Namibia; the rest have not been

accounted for. Finally, senior Swapo officials have admitted that party members held at prisons in Angola, allegedly as South African "spies" but conceivably as the victims of rivalries within the party leadership. were tortured. Some prisoners are missing. All in all, Mr Nujoma faces some tough questioning on his return. Unless resolved, these three issues inevitably raise doubts about the party's fitness to govern.

he movement of peo-ple into West Ger-

many is on a much greater scale than even this week's headlines suggest. There are implications not only for the West German economy, but for balance among the main industrial among the main industrial countries. Despite the inevitable grumbling by populist elements, the economic impact is on the whole beneficial; and the willingness of West German political opinion to take on board the costs and the opportunities compares favour-ably with the attitude of the main British political parties to those asking for the right of asylum from Hong Kong.

Since the Hungarian Government courageously opened its frontiers, world attention has naturally been focused on emi-grants from East Germany. Until this year the outflow has not been more than 40,000 a year even in the periods of greatest movement, such as 1984 and 1988. But as a result of the current exodus, the minimum outflow in 1989 is likely to be at least 100,000 and could be greater if more East Germans can get into Hungary. Nevertheless emigration from East Germany is only the tip of an iceberg compared with a much larger inflow of "ethnic Germans." These are people from other eastern European countries of German ancestry who have been allowed to emigrate to the Federal Republic in increasing numbers. Some 200,000 ethnic Germans arrived in 1988; and some 350,000 are expected this year according to estimates by Professor Norbert Walter of

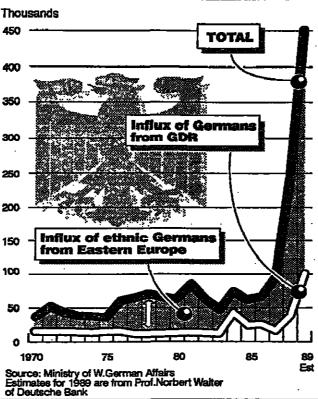
Deutsche Bank.
By far the most important source of ethnic Germans is Poland, followed by the Soviet Union, with Romania very much in third position. Even if East Germany were able to clamp down on the exodus of its own population, it is extremely doubtful if the other eastern European countries (except Romania) would follow suit. Freer movement is part of the new image of both the pres-ent Polish and Russian

Emigration from East Germany is only the tip of an iceberg

regimes. In neither case does

the exit of people of German origin pose the same threat to the existence of the state as the exit of East Germans does to East Germany. The Soviet Union and Poland may well be glad to see the exit of disaf-fected citizens, whether genuinely feeling the tug of German roots or using them as an excuse to leave. So an inflow of around 400,000 immigrants a year into West Germany is quite likely well into the 1990s. The new wave of migration should add about 0.7 per cent a year to West Germany's present population of 61m. The inflow is much smaller than the 12m people that West Germany had to absorb in the immediate postwar years. But it will still be sufficient to transform the demographic prospects for West Germany, which in the last 10 years has seen no increase in its population. No net increase in guestworkers has been allowed for some time, and a decline has

ECONOMIC VIEWPOINT



Impact of migration

By Samuel Brittan

been expected in the indigenous population. But more than mere numbers need to be examined. For ethnic Germans are often different from the highly trained and sophisticated East Germans whom we have seen on television. Many of them do not even speak much German, but are to all intents and purposes Poles or Ukrainians able to claim, say, a German grand-mother. Indeed, their linguistic facility in German and know-ledge of modern industrial will often be much less than the knowledge of English of the 3.2m Hong Kong pass-port holders who are being

lenied entry to the UK. There is one point of similarity between the ethnic Germans and the East Germans now pouring into the Federal Republic from Hungary. This is that both groups have a more favourable age structure than the settled West German population. Only 4 per cent of the ethnic Germans are over 65, compared with 21 per cent of

the resident population. One important economic consequence is that the rise in the German growth rate in the last 18 months, which might have seemed a flash in the pan, will now take on a more permanent nature. The 4% per cent a year growth rate seen in the first half of 1989 is still likely to be too rapid to sustain without inflationary pressures. But estimates of the underlying sustainable growth rate, which were running at around 2% per cent a year, will have to be raised to something

nearer 3 per cent. There should thus be a welcome respite from American pressure on Germany to expand the economy. For the new immigrants will do so instead. They will add to demand; they will consume more; and investment will be required to provide them with capital. The more rapid increase in final demand will itself boost investment further in accelerator fashion. But in contrast to a normal Keynesian boost there will be an increase in supply potential as well as in demand. Therefore some

rise in the growth rate will not

The German radical right

be inflationary.

will in any case be tempted to make play with the impact of the newcomers on jobs and the wages of unskilled workers. But, as Professor Walter argues, the net effect is likely to reduce unemployment rather than increase it. The new arrivals from East Germany are mostly highly trained and have already been deluged with job offers. They should thus help to relieve the severe shortages of skilled labour which have been a bottleneck in the way of economic expansion. The ethnic Germans have fewer skills; but they are complementary to the existing labour force in another sense. For the latter is fairly immobile, while the ethnic Germans are willing to move to where the jobs are. They are also highly motivated to learn new trades and to fill any niches in the German economy. Dare one say that

they will do the dirty jobs?
There is a good chance that
the newcomers will also add to pay as well as geographical flexibility, by joining the ranks of the self-employed and the labour forces of small firms, where the influence of collective bargaining and other centrally determined cost rigidities is much less. The more one thinks about it

the more one is struck by the analogies with potential immigrants from Hong Kong into the UK who are also likely to be highly motivated, nonunion-minded and mobile. There is also an analogy with the Vietnamese and Chinese "economic" refugees in Japan, whom Japanese industrialists desperately want to fill various holes in the economy, but whom the Tokyo Government wants to deport.

In the German case, the immigrants will eventually have an impact on the overseas balance. They will not prevent the German current surplus from rising towards 5 per cent of GDP in 1989. But the current surplus is not only the difference between exports and imports. It is also the differ-ence between domestic savings and investment; and the need to provide for the newcomers should add to investment more

than to saving.
This should reduce the size This should reduce the size and length of the series of surpluses now foreseen by many international forecasters for the 1990s, when the German surplus is expected to move far ahead of the Japanese surplus as a proportion of national product. Towards the end of the century, the ageing of the German population and the increase in the ratio of pensioners to workers will in any case reduce the savings ratio.

case reduce the savings ratio.

Let us finally move to wider issues. Suppose, as a mental experiment, that there are changes in East Germany which make eventual German reunification at least a reason able assumption for policy planning. The main macroeconomic effect could be quite similar to that of the influx of immigrants, but on a larger

One is struck by the analogy with potential immigrants from Hong Kong

scale. For instance, the require ments for new investment to re-equip the East German economy would be much greater and indeed enough to change the world balance of savings and investment. It would be as if some very large Latin Ameri-can debtors suddenly became

creditworthy.
Such possibilities need to be taken into account by western finance ministers, but cannot provide the main basis for a political response. Having con-demned the Soviet authorities for several decades for forcing people into the Communist orbit, the present coolness of western establishment opinion (including that of many parts of the German government) towards reunification is difficult to take. It will in any case be necessary to live with the prospect – which will not, incidentally, bring down the European Community, destroy the EMS or do any of the other things for which English nationalists might hope.

BOOK REVIEW

Growth and the doomsters

talists are not as green as they look. Earthscan has brought this paperback out at a speed that would shame many a larger publisher. While most of us were on our summer holidays the text was issued as a report, originally commissioned by Mr Nicholas Ridley when he was Britain's Secretary of State for the Envi-ronment. Mr Chris Patten succeeded Mr Ridley in the slightly altered role of Secre-tary of State for Being Nicer About the Environment on Television and he quickly saw that the Pearce Report, as it will forever be known, was just what he needed. Dr Pearce was made an adviser to Mr Patten. His report received an excel-lent press, which it only half-deserved, and so a few more trees were sacrificed to get it

ome of these environmen-

into print quickly.

It should be read, but it is only half the story. Its value is that it synthesises a great deal of economic thinking about the environment in a brief and easily-digested document. (It was, after all, prepared for Govern-ment ministers.) The gist of this thinking has started to become part of conventional wisdom. This is that in taking care of the economy we must also take care of the environment; some go further and put environmental care ahead of economic management. This perception is also reaching a wider public: the first table in the book indicates that 93 per cent of respondents to a recent survey described the environment as a very important political problem today, second only to unemployment. The principal impetus for

this view came from the UN-sponsored Brundtland Report, published in 1987. That blockbuster established the phrase "sustainable development" which politicians like to think means that if you take care about products, conserve energy and ban aerosol sprays you can go on winning elec-tions on the strength of eco-nomic growth. This book is far more serious than that. It explores what it calls the "economic underpinnings" of the notion of sustainable develop-ment and establishes, firmly and irrevocably, that the econ-omy and the environment necessarily interact. It proposes ways of valuing the environ-ment in the national accounts, and suggests means by which markets and price incentives can be used to encourage improvements. It does not shrink from the idea of a car-bon tax, which would oblige us all to pay more for oil and fos-sil-fuel based electricity. All this is good hard-headed mainstream economic analysis of some of the implications of sus-

tainable development. But is the faith in sustainable development valid? It is where Dr Pearce and his colleagues show that they are aware of the awesome proposition that more environmental quality means less growth that

BLUEPRINT FOR A GREEN ECONOMY By David Pearce, Anil Markandya, and Edward B. Barbier Earthsean Publications £6.95

we approach the weakness of their book. They argue effec-tively in favour of preventive action to eliminate the greenaction to eliminate the green-house effect even though there is no absolute certainty about its likely extent. The risk of disaster if we get it wrong is too great to delay action now. Yet they also say that the "environmental doomsters" have probably oversold the negative relationship between negative relationship between economic growth and environmental quality." To be fair, they do not fall into the trap of asserting the opposite – they point out that advocates of environmental quality through wealth creation have similarly understated the potential for economic change to damage the environment. This rejection of extremes is probably sensible on matters like pollusensible on matters like pollusensible of matters in project tion, clean rivers, project appraisals (on which they have a short chapter) or the mainte-nance of a beautiful country-

It may not be so sensible when we confront the possibility of global disasters. On matters of this momentous scale, simple economics, a bare internalising of externalities, is not

a sufficient discipline. To redress the balance, I offer my own curve. Let us call it the NS (for non-sustainable) curve. At one end you get mere river pollution in rich coun-tries. Few voters will take even a mild tax increase to cope with it until the rivers are visibly bunged up. Poor countries will not care tuppence. At the top of the curve you get a greenhouse effect that everyone accepts will destroy us all before we collect our pensions. If people believe in that you have military dictatorship,

lights out, and no cars.

The curve is essentially one of fear, underpinned by degree of belief in what the scientists prognosticate. The world moved sharply up such a curve when photographs of the hole in the ozone layer, taken from outer space, were published. Action on ozone is following. We are still moving, more slowly, up the greenhouse

At the present rate we are possibly a mere generation away from a widespread perception that industrial growth cannot continue while popula-tion growth must be curbed. True greens believe this. Most voters are not yet ready for their major political parties to contemplate it. But Dr Pearce and his colleagues should produce a chapter on the possibil-ity of the people they call the "doomsters" being right. Their own logic demands it.

Joe Rogaly

Time to get up and Go

The first match of the 14th Meijin Sen, the Grand Champi-onship Go Tournament of Japan, opens in London today, sponsored by Asahi Shimbun, the Japanese newspaper which is also celebrating the third anniversary of the publication of its international satellite edition in Europe.

It is the first time that a Mei-jin championship has been played outside Japan, and the game is expected to last two days. Even then, it will be only the first of seven. For the way the system works is that there is an existing champion, and a number of challengers who gradually eliminate each other until the grand finale. The latter is not taking place in Lon-

game that originated in China around 4,000 years ago, and the rules have scarcely been changed since. Like chess, it is a game of pure skill, made for two players. But there the resemblance ends. Go is a game of territory, starting with an empty board. Each player has a large supply of stones These are placed on the board with the aim of capturing the larger part of it. Those parts

need not be contiguous. As the introduction to the game states: "The rules are fairly simple . . . It is possible to obtain a poor result in one part of the board, but to win the game by doing much better in another part of the board. This also gives a player many chances to recover from a bad start." There is, too, a system

of handicapping. If all that sounds very Japa-nese, and almost geared to a Japanese victory, it is perhaps worth noting that the British are among the best Go-players in Europe. The game has been played here since 1930: the British Go Association was established in 1964, the year Harold Wilson became Prime Minister, and there are now over 40 Go clubs around the

Observer

The final of the British championship is also taking place in London this week. It is between the defending champion, Matthew Macfadyen, a 33-year-old unemployed meteo-rologist who decided there was more money on the interna-tional Go circuit, and Edmund Shaw, a 23-year-old mathematics researcher at Oxford. But because the standards of the best of the British professionals are still only up to the best of the Japanese amateurs, the British final is scheduled to last only one day.

Honecker lives

■ Erich Honecker, the East German leader, has taken the unusual step of personally denying a West German news-paper report of his demise, and then ordering a correction of the denial in the columns of his Party's newspaper, Neues

On Tuesday, an editorial in Neues Deutschland savaged a headline in Bild, the West German equivalent of The Sun. foralleging that Honecker "no longer wanted to live - cancer of the pancreas". The editorial was signed E H.

In reply to a telephone call from a Western correspondent, Neues Deutschland confirmed that Honecker had written the editorial himself. Bild knows all the tricks of

the trade and its headline yes-terday proclaimed: "Honecker alive - reads Bild." But a deeply embarrassed Neues Deutschland was forced to run a correction to Honecker's editorial. It said it had erroneously printed the German word wolite (wanted) instead of sollte (said to be), thus altering the Bild headline from its original: Honecker "said to be no longer



"I must have left my soccer ID card in my other uniform."

In fact. East European diplomats in East Berlin said that the 77-year-old Honecker was making progress after his recent gall bladder operation and was able to get out of bed briefly. He was not being fed intravenously, as alleged by West German newspapers. East German Party sources said doctors at the Government Hospital in Berlin-Buch were doing their utmost to get him well in time for East Germany's massive 40th anniver-sary celebrations on October 7. Assuming, that is, that there is something left to celebrate.

Touch of paint

■ The price of houses may be coming down; the price of painting them is going up. The price of having them painted as portraits, that is. We have received a beautifully designed card, with a drawing, seeking a commission for a portrait of our own modest abode. The price guide states: "Watercol-

our from £100." But in handwriting as neat as the printing the £100 has been scratched out and £125 has been inserted. Perhaps the thought is that a portrait adds to the value

Polish faith

■ Last month Cardinal Jozef Glemp did considerable (though unintentional) damage to Polish-Jewish relations, when he accused Jews of violating Polish sovereignty by their campaign for the removal of the Carmelite convent from Auschwitz. "Esteemed Jews," he said, "your power is the mass media, which are easy to use in many countries. Let them not serve to incite anti-

Some of that damage at least may be repaired by a letter which Sir Signund Sternberg, chairman of the International Council for Christians and lews, will receive today from Tadeusz Mazowiecki, the new Polish prime minister.

Mazowiecki, a devout Catho-lic, thanks the Jews of Britain and the US for remembering Poland in prayers "to our com-mon Father" on the 50th anniversary of the outbreak of war, and refers to "the untold suf-fering of the Jewish people whose each and every member stands unequalled among all martyrized nations". He adds: "The tragedy and sacrifice of shoah", he adds (using the Hebrew word for the Holocaust), "defies any compari-

The statement is significant since Jews in the past have often accused Poland, which lost 6m citizens in the war, of seeking to "appropriate" the 3m of them who were Jewish and to deny the unique horror of the Jews' fate."

A bit fishy

Card in a Birmingham shop window: "Assistant required in local fish shop. Must be able to clean, fillet and ride bicy-

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ACCOUNTANCY COLUMN

Firms buck the trend towards unbundling

2,444 24

By David Waller

WHY is it that accounting firms seem incapable of alighting on any strategy other than that of growth-by-merger, in spite of the trend among corporations the world over towards unbundling?

Imagine the chairman of a publicly quoted company adopting the same approach as an accounting firm when on a visit to the City to trumpet a set of results or win plaudits for a takeover.

His triumphant claim to have a company with more sales than anyone else, or more employees or more customers, would be laughed straight out of court.

This week has seen the first of the post-mega-merger merger talks. The latest firms to leap on the bandwagon are, of course, Spicer & Oppenheim and Horwath & Horwath, the latter of which operates under the more familiar name of Stoy Hayward in the UK. Hayward in the UK.

Last week they confirmed industry rumours that they had entered into preliminary discussions in the hope of creating the world's sixth-largest firm — with fee income of more than \$1bn.

Two months ago both were condemning the mega-mergers among the big eight. Their argument was that fallout from those could only benefit the medium-sized firms.

Independence was a virtue, not only because it was inher-ently worthy to avoid a link-up, but also because it would provide a useful marketing advantage when seeking to attract clients disillusioned by the empire-building among hig-

Now, the volte face is being justified - in private at least on the basis that the resulting combination would create a "formidable and distinctive" alternative to the big five.

That is arguable, but it is reassuring that there has been no peddling of the sanctimonious arguments about serving international clients, or responding to clients' needs, which have been used to jus-

which have been used to jus-tify the bigger get-togethers.

Measured by the somewhat superficial criteria – geogra-phy, industry specialisations, type of client served – which tend to be applied to accoun-tance measures the two makes. tancy mergers, the two make a In London the two firms have similar-sized practices with fee income of some £35m each, but Spicer is significantly bigger nationwide, with 24 offices as opposed to Stoy's nine. Spicer's total fee income

against Stoy's £47.9m for the same period. Competitors see them both as profitable and well run in the UK. It shows up in the partner-fee income ratio for 1987-88: each of Spicer's 174 partners generated an average of £478,000 in fees, while Stoy's 112 partners made £428,000 aplece. Those are the highest

such figures for the medium-

was £83.2m over 1988-89,

Ranking by fees sized firms, significantly bettering the performance of part-ners at larger firms such as Binder Hamlyn and Grant

Partners

Offices

All personne

Prior to the mega-mergers, Spicer was the UK's 11th largest firm, Stoy the 14th. Assuming that all the deals go ahead. the combined grouping would be the country's sixth-largest firm, with 286 partners, more than 3,500 staff, 27 offices and fee income of £131m.

The picture in the US is somewhat different: there, Lav-enthol & Horwath, the H&H member firm, is the largest of the medium-sized firms, with fee income of \$350m compared with the paltry \$70m generated by Spicer.

Another factor will reinforce the impression that the merger is really a takeover on that side of the Atlantic: Spicer has recently been afflicted by serious difficulties, leading to a lay-off of 10 per cent of the staff and a \$1.5m cash call on the partners.

Details on their business elsewhere in the world are somewhat sketchy. According to Professor Banishi's recently published International Accounting & Audit Trends, Spicer has strengths in Aus-tria, Peru and Taiwan, while H&H is the dominant firm in Israel, with some 15 per cent of the market.

SIZE OF THE TWO FIRMS IN THE UK AND THE US

1,515

4,500

720

The International Accounting Bulletin calculates that the combined group's share of the market in continental Europe will give it revenues of \$443m, putting Horwath/Spicer in tenth place overall. In Spain it would be the fourth-largest

The merger logic will continue as follows: the two firms have targeted themselves have targeted themselves towards the same client base, namely the fast-growing, owner-managed entrepreneurial outfit supposedly shumed by the big eight in favour of the multinational. They will have a degree of complementarity in that they specialise in different industry sectors.

Reflecting its essentially West End character, Stoy (and Laventhol in the US) is known for its practice in the property and entertainment industries. Spicer - remembered for its pre-Big Bang role as auditor to most of the stockbrokers in London – still has a strong

üΚ

3,959

COMBINED

There is clearly a degree of complementarity here, possibly more than that which lies behind some of the mega-mergers. But weakness is as much of a driving force behind the urge to come together as business logic and geographical

base in financial services.

That is obvious in the US but less so in the UK given that both firms' fees have grown rapidly over recent years. Nevertheless there are

The accountancy middlemarket has enjoyed vigorous growth in the Thatcher decade, probably for no other reason than that these firms' clients

from wealthy individuals to ambitious USM companies

have done well too. When the financial vigour of the clients starts to diminish — as it inevitably is doing in the present era of high interest rates - firms' growth rates will tail off too. As the outlook for internal growth palls, a merger may appear to be the only way of maintaining the onwards-and-ever-upwards

momentum.

There will be formidable practical obstacles in the way of this merger - not least of them the difficulty of retaining the international practices that belong to a federation rather than an Andersen-style global partnership.

The more sceptical partners in the two firms should remember that the UK operation will end up being no larger than Arthur Young used to be – and that Arthur Young, of all the bigger firms the one with the most significant practice in the entrepreneurial sector, found such a size unsustaina-ble and ended up merging with

Ernst & Whinney. Perhaps the best approach for an imaginative accountancy firm would be to take a cue from Sir James Goldsmith and indulge in a self-unbundling programme. That way, small groups of self-motivated specialists could enjoy building a business, without feeling like civil servants in a vast, Byzanthat day is a long way off.

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outstanding academic record with sound tax experience. A detailed knowledge of partnership tax is not a pre-requisite, but the ability to deal effectively and communicate easily with clients is essential.

Interested candidates should send a detailed CV, including current salary, to Jane Wright, Group Personnel Manager, Spicer & Oppenheim, Friary Court, 65 Crutched Friars, London EC3N2NP Tel: 01-4807766.



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FINANCIAL TIMES

Thursday September 14 1989

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EAST GERMAN EXODUS SLOWS

Hardline nations join attack on Hungary

By Our Foreign Staff

AN EXODUS of East German refugees to the West through Hungary slowed yesterday, but the dispute within the Warsaw Pact over the issue continued with an angry exchange of

Hardline Eastern European states Czechoslovakia and Romania joined East Germany in criticising Hungary for opening up its border with Austria to allow East German fugitives gathering there to cross on their way to West Ger-

Romania said it could not understand why Hungary had belped West Germany to lure away East German citizens, while Czechoslovakia accused West Germany of interfering in East Germany's internal affairs and seeking to undermine its successes in building socialism. East Germany accused West Germany and Hungary of breaking international law and bilateral accords. Later ADN, the official East German news agency, said East German Politburo ideologist Mr Kurt Hager met a mem-ber of the Hungarian Socialist Workers Party's political exec-

utive committee for talks about bilateral ties and inter-

national affairs.

ADN did not say whether Hager repeated East Germany's criticism of Hungary over the refugee exodus but said he attacked West Ger-many, accusing it of lacking sense and realism.

In Warsaw yesterday, Polish television reported that about 50 East Germans had occupied the West German embassy, apparently seeking to join the mass movement to the West. But in Prague, about 300 East Germans occupying West Germany's embassy there abandoned their bid to reach the West and left the mission, according to Western diplo matic sources, although as many as 180 more remained

west Germany, which has been accused by East Germany of "buying out" refugees, has set up special camps to accommodate the emigrés. Their numbers qualled vectoriday to numbers swelled yesterday to around 12,000, nearly three times the number that fled across the Berlin border before the Berlin Wall went up in

1961. David Goodhart in Bonn adds: Today, Bonn is expected to announce a further increase in financial aid for the 450,000 people expected to arrive in the country this year from East Germany and other countries in the Eastern bloc. The Federal Labour Office is

already spending an extra

DM3bn (\$1.5bn) on training for recently arrived East Ger The Bonn Government is The vast majority are under also stepping up its efforts to convince a lukewarm West German population that the

40 and keen to work but the Federal Labour Office has warned West German employnewcomers, especially those from East Germany, will be an ers that they will not resolve the country's emerging skill shortage without expensive retraining, nor will they neces-sarily slot into the least popu-Economics Minister, said a dynamic and flexible economy lar jobs in catering and social

Mr Volker Ronge, a professor of sociology who has just com-pleted a five year study of East Germans who came over the inner-German border in 1984, has also warned that East Germans will find it more difficult to find friends than jobs.

He reports that many East Germans attract the envy and hostility of their new fellowcountrymen because of their excessive materialism and

Anti-apartheid protesters fill Cape Town

THE BIGGEST protest march seen in South Africa for 30 years went off peacefully yes-terday as anti-apartheid lead-ers led many thousands of Coloureds, blacks, Indians and whites through the streets of central Cape Town.

The march took place with the tacit approval of the South African Government, which had pledged not to intervene - representing the first impor-tant move by Mr F.W. de Klerk, whom parliament will today confirm as president, since he led the National Party to victory at last week's elec-

Ebullient crowds filled the shopping districts with the sound of freedom songs as they were led through the city by churchmen and anti-apartheid

In one of the day's most stri-king scenes, Archbishop Des-mond Tutu addressed march-ers from the balcony of Cape Town's Victorian city hall, with the green, black and gold flag of the banned African National Congress draped before him.

The Archbishop, who marched arm-in-arm at the head of the procession with leaders of the country's antiapartheid movement, hailed the peaceful conclusion of the protest as a "great victory for justice and for peace."

the anti-apartheid opposition, the Pretoria Government announced on the eve of the march that the demonstration would be allowed to proceed despite harsh emergency regu-lations which have made all

EC car makers urge controls

on Japanese

Continued from Page 1



Archbishop Tutu (left) and Dr Boesak yesterday

such protests illegal for the past three years. Government officials said the march was a test case for future protests.

A decision had been taken in principle to allow South Afri-cans the right to peaceful pro-test, they said, although such protest remains illegal under the state of emergency imposed in 1986.

investors' attention has been diverted by the fast-moving US

NTT stock was originally

sold to the public at Y1.6m a share in early 1987 and soared to a peak of Y3.18m. A second tranche of stock was sold later

that year at Y2.55m. But inves-

tors began to have second

thoughts about the high claims made about the company's prospects and its high price/

earnings ratio, and the price began to slip. By putting heavy pressure

on securities companies, the ministry managed to sell a third tranche in late 1988 at Y1.9m. But the Recruit affair

knocked the support away from the price and it plunged to below Y1.5m following Mr

Shinto's arrest in January. The

finance ministry initially insisted it would go ahead with

the sale of 1.95m shares this

autumn but this summer started hinting that the issue

Yesterday's announcement was made after the stock mar-

ket closed. NTT had ended the

day unchanged at Y1.51m. Even though the decision is

not unexpected, some analysts believe the announcement

might prompt a recovery in the NTT stock price.

might be postponed.

securities markets.

The conduct of yesterday's march, during which police kept a low profile, will strengthen the hand of the anti-apartheid opposition, which has been arguing that its intentions are peaceful throughout the six week defi-ance campaign which culmi-nated in the Cape Town pro-

economic benefit, not a bur-

Mr Helmut Haussmann, the

should be able to absorb the

newcomers without friction and benefit from the relative

youthfulness of the refugees. The latest wave of East Ger-

100,000 this year, are better equipped in skills and lan-

guage than most of their fellow refugees from the Eastern bloc. They should have little diffi-

culty finding jobs despite unemployment of just under 2m (which includes 31,000

ns, estimated to total over

Organisers said 100,000 peo ple took part in the mile-long march. Independent estimates put the figure at 15,000-20,000. Ten days ago police had whipped demonstrators staging a similar demonstration in Cape Town. Since then, controversy has blown up over the role of police in the deaths of more than 15 people in Cape Town townships on the night of South African general elections last week.

Yesterday, police clearly had instructions not to intervene unless provoked by violence.

Most members of the leadership of the anti-apartheid

ship of the anti-apartheid movement addressed a rally following the march, which they termed a milestone in South African history.

The rally was joined by thousands of whites, including Mr Gordon Oliver, mayor of Cape Town, who told the crowd: "Today we all have the freedom of the city."

It ended with the singing of Nkosi Sikele i'Afrika, the unof-

Nkosi Sikele i'Afrika, the unof-The largest previous antiapartheid protest, held in 1960, saw some 15,000 blacks marching on parliament in Cape Town following the deaths of 69 people in the Sharpeville shootings.

of shares in NTT

pean car industry. Faced with this danger we can be neither faint-hearted nor naive. Fortress Japan does exist and is ahead of us in some areas. It would be suicidal to suddenly throw open the gates of Europe to a competitor poised to destroy the European auto

industry."

Mr Lindsey Halstead, chairman of Ford of Europe, attacked the UK Government for welcoming Japanese car makers to establish assembly operations in the UK and called "at the very least for the policy to be reviewed with great caution." He said that an "open-door policy to Japanese assembly plants wthout some strategy to ensure that they include a reasonable level of European economic benefit, employment and added value begins to look like a local form

Mr Agnelli said that "extra-European competition, the Japanese in particular, should not upset the market." He said that a five-year period of "con-tracted monitoring" of car imports after 1992 should include Japanese and Korean products made in the US (and possibly in the future in Eastern Europe) and exported to West Europe.

Tokyo puts off sale

By Stefan Wagstyl in Tokyo

THE JAPANESE Government yesterday postponed a planned autumn sale of state-owned shares in Nippon Telegraph & Telephone, the country's larg-est company, for fear of swamping the market in NTT shares and damaging confi-dence in the Japanese stock

done to NTT's reputation by its involvement in the Recruit financial scandal, which led to the indictment of Mr Hisashi Shinto, the former chairman, and of two other executives on bribery charges.

The decision is an embar-rassing reverse for the Ministry of Finance, which sees reg-ular sales of NTT shares as the linch-pin of its privatisation programme and a useful boost

25 77 C-Cloudy Dr-Grizzie F-Foir Fg-Fog N-Hall R-Rain 26 79 S-Sun St-Steet Sn-Suny T-Thurster

WORLD WEATHER

market as a whole.

The move reflects the harm

to government revenues.

The ministry changed its mind in response to pleas from security industry executives who warned that the proposed sale of Y2,000bn-Y3,000bn (\$13.6bn-\$20.4bn) worth of shares might cause a collapse in the price of NTT shares and also undermine the prices of other stocks. Quite apart from the impact of the Recruit affair on NTT shares, the Japanese stock market has been in the doldrums since the spring as

of the closet

Continued from Page I

ing farewell.
"Was he a KGB legend?" the interviewer asked. "Of course, he was unique," the reply came back. "In the West, many called him the man of the cen-

ented as a great reward for his services to spying, living out his days in honour, showing

ering foreign intelligence, and catching foreign spies. There was the odd apolo-

There was the odd apologetic reference to the internal activities of the organisation — mainly to suggest that perhaps the KGB was not quite up to scratch in predicting the consequences of perestroika.

What was condemned was the behaviour of the Stalin years — "the infamous 1930s," when a good proportion of the secret service themselves fell victim to the wrath of the Soviet dictator.

against more recent times.

KGB steps out

kissing the corpse in a linger-

tury."
His life in Moscow was pres

the young recruits how it was

There was barely a hint of a suggestion that the KGB is a state within a state, a massive apparatus of political control answerable to no one. The whole emphasis was on gath-

of the Soviet dictator. Col Igor Prelin, the press officer, would not hear much "In the 60s, 70s and 80s, the KGB did not violate the law," he said. "It abided by the let-ter and the spirit of the law."

Bond sells Lonrho stake

Continued from Page 1 Bond when he bought his hold-

ing, welcomed the sale as a means of strengthening institutional investment in the company. Lonrho shares closed 11p down at 294p after the announcement of the sale.

Mr Bond was estimated to have paid an average price of 330p a share for the holding. In addition to the paper loss on the disposal he also incurred substantial interest charges which would add considerably

to the total loss. Mr Bond financed the purchase through borrowings of about £380m, primarily from Amex and Merrill Lynch. The stake was held by Bond Corporation and Bell Resources, central pieces in Mr Bond's international brewing, media and

property group.

The share price of the Bond
Corporation has fallen sharply during the past three months on the Australian stock exchange as Mr Bond has attempted to rescue the group through a plan which would involve the sale of his cashgenerating brewing interests in

New York listens to a quieter voice

By James Buchan in New York

MR DAVID DINKINS, who was nominated on Tuesday as Democratic candidate for New Pemocratic candidate for New York's mayor, has been around a long time. Apart from a spell in the Marines and at college, Mr Dinkins, who could become New York's first black mayor, has spent all his adult life toiling his way up the Democratic Party organisation.

organisation. Mr Dinkins, 62, stood unsuc-cessfully for Manhattan borough president in 1977, and again in 1981, before finally succeeding to the job in 1985. As an administrator, he has a reputation for indecisivene and is said to have infuriated the other borough presidents on the Board of Estimate, the on the Board of Estimate, the byzantine body that more or less runs New York, though the Supreme Court has ordered it to be abolished. For all his elegance and his distinguished head of white hair, Mr Dinkins is easily missed in a city where every

missed in a city where every-body shouts. He has been hard to hear above the raucousness since 1977, or among the hub-bub from new black leaders now emerging on the streets of Brooklyn, notably the Rev Al

But Mr Dinkins' resounding victory in Tuesday's Democratic primary for mayor, where he polled 51 per cent of a high turnout against Mr Koch's 42 per cent, shows that

his time has come.

He could be beaten in the general election for mayor in November by Mr Rudolph Giuiani, the overwhelming victor in the Republican primary on Tuesday night. But the sheer breadth of Mr Dinkins' support, including a big swathe of New York's white Democrats, gives him a strong chance. Three political factors trans-

formed Mr Dinkins' chances in the contest. The first was the Presidential campaign last year: the Rev Jesse Jackson, an extraordinarily strong candidate by any standards, gal-vanised New York's demoralised blacks, so that fully 32
per cent of the people voting
in the primary were blacks.
When Mr Jackson left town
last year, be left behind a formidable platform for a black
condidate for mayor. Second

midable platform for a black candidate for mayor. Second, the city was well and truly fired of Rd Koch.

Even Fiorello La Guardia, the sainted mayor of New York memory, served only three terms. As one Democrat said in Greenwich Village on Theselage of couldn't hear to Tuesday: "I couldn't bear to hear Koch talk any longer." Third, the murder of a

young black man, Yusuf Hawkins, who ventured into the white Brooklyn neighbourhood of Bensonhurst on August 23, unnerved the black communities and raised for everybody the prospect of guerrilla warfare between the

At this moment, Mr Dinkins' mild manner suddenly seemed immensely valuable and Mr Koch's shout-the-odds divisive-ness exactly what was not

Mr Dinkins not only picked up the black votes assembled by Mr Jackson and, as expec-ted, the Bohemlans and politically active gays of Greenwich Village. He performed respect-ably in the big Jewish neigh-bourhoods of Riverdale, Forest Hills and the Upper West Side

In the white stronghold of Staten Island, he did far better than Mr Jackson. Overall, 34 per cent of Mr Dinkins' votes came from whites. As he said in his victory speech: "You voted your hopes, not your

THE LEX COLUMN

BTR passes the green light

It was mainly talk of asset sales by BP that helped a tired equity market forward yester-day, given a lew major corpo-rate earnings disappointments. That brokers placed the Bond stake in Lonrho at 280p merely reflects the 8 per cent discount to its opening share price: and that everybody saw it coming.

BTR

There is more than one way to interpret yesterday's shyness from BTE about sharing with outsiders its latest opinions about KKR's arrival over its corporate horizon. Perhaps Sir Owen Green, BTR's chairman, has had second thoughts about the wisdom of musing publicly, as he did in August, about the wonders some newfangled financial restructuring could do for his company, with or without Mr Henry Kravis. More likely, BTR may feel that,

More likely, BTR may feel that, between them, Sir Owen's earlier comments, yesterday's interim figures, and the company's rising share price have put them firmly in control of the situation.

Including yesterday's 15p rise to 474p, after better than expected pre-tax profits of £513m suggesting BTR could make more than £1.1bn for the full year, BTR's stock has risen 13 per cent since KKR's interest was first made public. The est was first made public. The point is not just that this kind of outperformance helps push BTR out of KKR's reach, since few believed KKR was going to make a bid anyway, what it does is to strengthen BTR's hand in whatever exchanges

do occur between them.

BTR would not be in this position without the further evidence of its operational resilience. Among 1988's major acquisitions for instance, ACI's Pacific Basin packaging busi-ness raised sales 6 per cent but profits by nearly seven times that. Group-wide, the return on sales figure of 16.4 per cent-benefited from BTR's slightly artificial exclusion of its low-margin IIE type distribution margin UK tyre distribution business, but the trend is firmly upward. Even with capital spending running at £200m in the first half, more than 1.8 times depreciation, BTR has got into a virtuous circle of strengthening cash flow.

P&O is one of the fast dwind-

ling band of blue chips whose share price is still a good 10 per cent below its peak in the 1987 bull market. Memories of the Zeebrugge disaster are partly to blame and last year's

Share price relative to the FT~A All~Share index

successful punch-up with the seamen and this year's dock strike did not help sentiment. Now the group's exposure to UK house building is given as the reason for continuing to price P&O at a 30 per cent dis-count to the market. In a period when corporate activity is dominating market senti-ment, P&O looks a rather dull stock and there is no particular reason why it should outper-form the market over the next year or so. Nevertheless, its dividend should grow faster than the market average and when compared with the premium rating accorded to the rag-bag of businesses of its old rival, Ocean Transport, P&O is a positive steal.

Jaguar

The trouble with luxury items is that they are, well, a luxury. People can live without them in bad times and even in good times their tastes can be swayed by other, even brighter and glossier products on the market. For Jaguar, a luxury car manufacturing company in a business characterised by high costs and long product development periods, the risks are doubled in spades. Even the fact that Jaguar sales have held up better than most in the US market is a mixed blessing; its rivals will surely attempt to regain market share and the long-term emergence of the Japanese as a competitor is hardly encouraging for price levels. All this investors could bear with equanimity were it not for the currency risk which makes buying Jaguar shares a proxy for investing in dollar call options. Every cent movement in the dollar/sterling rate makes a difference of £3m to Jaguar's pre-tax profits or, as eems likely for 1989, losses. Of course, Sir John Egan

may well be saving up a few million pounds of profits for 1990, when the golden share runs out and the currency cycle has at last turned in the group's favour. Having hedged group's favour. Having hedged at \$1.60/£ (compared with \$1.70 in 1989), next year's pre-tax profits should be boosted by at least 230m. The markets. which put 5 per cent on Jagwhich put 5 per cent on Jag-nar's share price yesterday, believe they have an each-way bet on the basis that the worse the company performs, the more a takeover becomes likely. But the list of willing bidders may not be as long as the market imagines and Sir John is liable to fight hard for his independence. Investing in Jaguar shares at much above Jaguar shares at much above current levels may be the big-gest luxury of all:

British Aerospace

A couple of points need to be made about the 6 per cent plus drop in British Aerospace's share price after yesterday's interim figures. The shares had already outperformed the mar-ket by 25 per cent this year, so some sort of correction was overdue, and a prospective multiple of 9 is still not desper-ately cheap. More importantly. the rapid changes under way make British Aerospace a par-ticularly hard company to value in the short-term. It has doubled its first half turnover and its order book has risen to
£11.3bn, so the fact that three
quarters of the improvement in
first half profits can be
explained away by the profit
on the sale of part of its DAF
stake is of only marginal relevance to the group's longer

Investment in BAe is very much an act of faith and there was little in yesterday's figures to deter those who want to believe this company can develop into Britain's answer to Daimler-Benz. The new motor business is not losing money, commercial aircraft is in the black; and while the 46 per cent drop in profits from weapons and electronic systems – normally BAe's most profitable business – was a bit of a shock, the busi-ness is being rationalised diring a temporary lull in deliveries. With a workforce of 130,000 and annual turnover of stock market capitalisation of £1.7bn reflects the market's understandable longer-term concerns about its commitment to a group of global industries where the losers still outnumber the winners by a very large factor.

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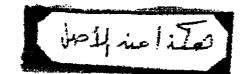


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Please reply in confidence, quoting Ref ER 202 to Sarah Orwin, adviser to our client, giving concise career, salary and personal details at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

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During the past five years, Parkfield has grown from a single loss-making foundry with sales of £4 million into a highly successful group of companies with a major presence in manufacturing and entertainment. We now employ more than 4,500 people, have an annual turnover in excess of £400 million and we have just announced record profits for the fifth successive year.

Parkfield's exceptional growth has been achieved through a unique blend of acquisitions and major investments in the businesses we own. Parkfield Entertainment is a case in point. Last year sales increased by 50% to £94 million, with profits quadrupling to £9 million. Growth of an even greater magnitude is planned for this and subsequent years. Already the leader in video cassette and satellite dish distribution in the U.K., the Division has its sights firmly set on Europe and Japan.

Growth of this nature requires a finance function that maintains tight financial control, whilst at the same time reflecting the essentially entrepreneurial culture of the Group. Achieving this balance can be difficult and requires intelligent and highly commercial Accountants. We now seek to recruit two Accountants with successful track records to fill the following posts:-

GROUP ACCOUNTANT HASLEMERE - SURREY

MANAGEMENT ACCOUNTANT **ENTERTAINMENT DIVISION - NORTH LONDON**

Reporting to the Group Financial Controller, you will be part of a small team and will have responsibility for coordinating, consolidating and improving the flow of management information from the subsidiaries. You will personally become involved with subsidiaries and will see the need to develop a good understanding of their business as fundamental to doing your job well.

Reporting to the Financial Director, you will combine tight financial control with a strongly commercial orientation. The development of management information and the control of working capital and profitability will be primary areas of focus in this exciting and demanding role.

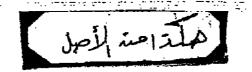
Applicants for both positions must be qualified Accountants with a number of years' experience in commerce/industry. Personal presence, communication skills and commercial acumen are prerequisites.

Salary will not be a limiting factor and will not be less than £25,000 in either case, plus car etc. It goes without saying that career prospects are outstanding.

Write in confidence including a c.v. to:

L. Vine-Chatterton Group Financial Controller Parkfield Group Plc Longdene House Longdene Road Haslemere Surrey GU27 2PH.

D. Chick Finance Director Parkfield Entertainment Unit 10 Brunswick Industrial Park Brunswick Way New Southgate, London N11 1HX.



Company Secretary £30-£35,000 + Car + Bens.

Central London

seeks to recruit a Company Secretary

Our client is a growing international food manufacturing will cover responsibility for group taxation. This will Plc committed to an impressive plan of expansion involve correspondence with the Inspector of Taxes and through organic growth and acquisition. In order to continue along the path of growth and development it consulting with tax advisors. In addition, the position will involve the development of a close liaison with the Group Financial Controller in the

The Company Secretary will play an integral part in the management team and will be expected to undertake a key role in the development and growth of the group's

Reporting to the Group Financial Director the duties will include administration of Board affairs, liaison

with registrars, group legal affairs and publication of Group Annual Reports. The role

 International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmin

Chief

Holiday Industry Northamptonshirec £28,000, Bonus, Car

Accountant

This major company is at the forefront of an established modern industry, in which there is exceptional scope for further growth. Realisation of that growth will provide outstanding opportunities for promotion. The up-to-date environment enjoyed within the company is reflected by the installation of the latest IBM computer system.

running of the Central Accounts Department.

The successful candidate will be qualified ACA or ACIS

aged 30-40, with strong interpersonal skills to deal with top management in a commercial environment. Further

opportunities within this expanding group are excellent.

ted candidates should telephone Peter Gerrard

on 01-831 2000 or write to him enclosing a

curriculum vitae at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

The requirement is for a qualified accountant CIMA, ACCA etc. preferably aged between 28-40. Reporting to the Finance Director, the Chief Accountant will have total responsibility for the production of the accounts and the harmonious day to day running of the accounts department, which has a staff complement in excess of

thirty.

Proficiency as an accountant will, of course, be mandatory.

Of equal importance will be the less quantifiable manageriai skills required to run a large department. Without labouring the accepted and overused words which apply managerial excellence, in simple terms the Chief Accountant will require his team to be regarded as totally professional and eager to turn problems into opportunities to excel.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, L. Wyn-Jones, Hoggett Bowers plc, Castle House, 74 St. James's Street, NOTTINGHAM, NG1 6FJ. 0602-412019, Fax: 0602-474819, quoting Ref. E15011/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTIE, NOTTINGHAM, SHEFFIELD, WINDSOR.
A Member of Blue Arrow plc

Outstanding European Opportunities in

Financial Planning and Analysis

Frankfurt

UK Equivalent c. £30,000

With the commercial emphasis shifting to the wider European market, the age of the International Finance Manager has arrived.

Our client is a major US Corporation with substantial operations in several European centres. They are enormously successful, highly profitable and committed to strengthening their position as market leaders.

More than ever before, the provision of high quality financial control is seen by our client as integral to their future plans.

We therefore invite applications from ambitious Chartered Accountants, probably aged 25-28 seeking to develop their careers within the International

The successful applicants will assume responsibility for a wide range of assignments specifically geared to improving profitability and achieving operating objectives.

These will include:

- * Significant involvement in the planning and budgeting process
- The review and analysis of financial data from several European companies

- * The development and implementation of improved cost accounting procedures for the German manufacturing operations
- * The management review of operating company performances measured against revenue and profitability targets.

These positions offer top level management exposure coupled with tremendous career prospects within an International Group. Therefore applicants should be able to demonstrate not only sound technical ability, but also a desire to be really involved in commercial decision making which will affect our client's long term growth prospects both in Germany and elsewhere.

A working knowledge of German would obviously be advantageous, but extensive language tuition may be made available if deemed appropriate.

Initial contact may be established by writing, enclosing a curriculum vitae to Terry Benson, Michael Page International, 39-41 Parker Street, London WC2B 5LH.

Alternatively telephone him on 01-831 0431.



Michael Page International

Financial Recruitment Specialists London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

NEWLY QUALIFIED RESULTS

Chartered Institute of **Management Accountants**

Thursday 28th September

Institute of Chartered Accountants

The advertising rate is £49.00 per single column centimetre, with premium positions available by arrangement at £59.00 per single column centimetre.

Guide to Recruitment Consultants

£70.00 per insertion which includes company name, address and telephone number. Additional information information at £14.50 per line.

For further information please contact

Louise Hunter on 01-873 3588

or your usual Financial Times representative.

FINANCIAL TIMES

GROUP FINANCE DIRECTOR

Fast-growing niche retail plc

North-West Early 30's

c.£50k package + car + equity options

Our client has become one of the most exciting young retail pics of recent years and is intent on being a major force within their market sector. Turnover - approaching £40m - and profitability have increased dramatically in response to imaginative strategic planning and sound commercial management. Even more ambitious plans are about to be unfolded, and for this purpose a strong, commercial young Finance Director is needed for their top executive team. The role will be broad and have significant impact on every aspect of the business. An early priority will be to spearhead the introduction of comprehensive new computer systems, including point of sale data capture, that will cover all outlets within their expanding national network and provide highly responsive information for improved management control. You will handle top-level responsibility for all financial affairs of the company, providing a full report and analysis on a regular basis to the Board, and maintaining important links with the City and investors. You will also take a lead role in identifying evaluating and completing future acquisitions lead role in identifying, evaluating and completing future acquisitions. You are likely to be in your early 30's, a graduate, and hold a major accounting qualification. You will be able to demonstrate a track record of conspicuous success, together with enormous resources of energy and determination.

Please apply to Dudley Harrop at our Manchester Office.

Amethyst House, Spring Gardens Manchester M2 1EA. Tel: 061-834 0618 Fex: 061-832 9123

at: Birmingham, Leeds, Liverpool, Nottingham and Swindon

ASB RECRUITMENT LTD

MANCHESTER

impany is a £12m subsidiary of a Plc. They are major importers of casual and sports weak ave enjoyed rapid growth; organically and by acquisition.

THE JOB OFFERS YOU em and seve chester. opportunity of establish the status and ence of material enceller of object levels.

opportunity for advancement in a

d experience in importing, acquisitions portunity to establish more effective

con a special se vary fast moving business; systems as a proper will light provide and the need for quick decisions.

YOU SHOULD OFFER The professionalism and presence to

represent the company. The professional and management skills to

assure accurate and timely reporting to the Please contact Hugh Davies, EPC, Betts

Farmhouse, Church Hill Citie Milton, Caper 000 7PG 0844 278076 An Malependent member of the EPC Group

FINANCIAL CONTROLLER

Cheshire/ Merseyside

Whitbread & Co. PLC has established itself as a market leader in the brewing, retailing

and leisure industries.

With group tumover approaching £2

With group tumover approaching £2

will also help formulate long-term strategic goals. Participating in decisions which will affect all parts of with an extensive programme of investment and business. You will also be investment and business are constructed five existing EPOS and constructed five existing EPOS development, it is highly likely to remain at the forefront of consumer

This highly successful retailing operation has expanded rapidly in the last few years -through individual site development and acquisition. To maintain such growth and market dominance, they need the talents of an experienced finance professional. Within the executive team that drives this business forward, the Financial Controller will perform a broad and crucial role. With the support of a large and efficient team, you will ensure the smooth flow of information, which is essential within

demand throughout the 1990's.

to £30,000 + car + benefits

such a fast-moving business. Whilst exercising tight control over day-to-

and computerised financial accounting

To succeed, you will be a qualified accountant with proven communication and man-management skills probably in a large organisation. The environment will demand the highest levels of commitment, expertise and maturity. In return, the position offers outstanding career progression, plus an excellent remuneration package including BUPA, pension, discount card and share issue.

Please contact Linda Gaskell at the Liverpool Office, quoting reference number L/222.



Com Exchange Buildings 19 Brunswick Street, Liverpool L2 OPJ Tel: 051-236 9373 Fax: 051-227 5974

Also at: Birmingham, Leeds, Manchester Nottingham and Swindon

WORLD TRAVEL OPPORTUNITIES

Based SURREY

neg to £30,000 + expenses

Our client, a US MULTINATIONAL with annual turnover c. \$3,000m. with in excess of 12,000 employees, seeks THREE DYNAMIC YOUNG ACCOUNTANTS within the probable age range 25 - 33 to fill vacancies arising from EXPANSION and INTERNAL PROMOTION.

Candidates will be experienced accountants or young FAST TRACK FINALISTS currently awaiting results. They should be energetic and ambitious with strong academic and business backgrounds. Ideally, they should possess a fluent, second European language but this is not a prerequisite.

Career prospects are well above average.

Please telephone and send cv to

Peter Argyll
ACCOUNTANCY APPOINTMENTS EUROPE
Duke House, 37 Duke Street, London W1M 5DF
Tel: 01-486 8591 (Switchboard) or: 01-486 2442 (Direct)

Management Accountant

London

to £30,000 + car & benefits

With assets valued at several billion pounds spread throughout England and Wales, this highly capital intensive business is now entering a period of exciting and challenging commercial development. The central Management Accounting and Business Planning Department will play an important role in achieving future growth and success.

As a key member of this department, you will provide a comprehensive service either at Group level or in the field and will contribute to the formulation of management accounting policy and systems for the business as a whole. Core responsibilities will include budgetary control; the critical review of performance; and the appraisal of business plans and capital investment projects.

Probably in your mid to late twenties, and commercially aware, you will be a qualified Accountant with management accounting experience gained in the profession or industry. Ideally you will have had exposure to capital intensive businesses. You will be persuasive, with strong technical abilities and good interpersonal skills.

Please reply in strict confidence to Paula Hanratty with details of career experience and salary progression, education, qualifications and age, quoting reference 5294/FT on both envelope and letter.

Management Consultancy Division P.O.Box198, Hillgate House, 26 Old Bailey, London EC4M7PL

Excellent opportunities in non-routine roles for . . .

BRIGHT YOUNG ACCOUNTANTS Major Property Group

to £28,000 + car + bonus + options

Substantial, successful and highly regarded, our client is one of the UK's leading property groups. With complementary businesses in financial services, leisure and retailing, the group has an impressive record and is forecasting further rapid growth across all its sectors, both in the UK and overseas.

The actual and planned expansion of the group has led to the need for the recruitment of a number of young accountants. London based and working in various positions, the accountants will each have responsibilities requiring analytical abilities and providing exposure to senior management. Presenting and interpreting information supporting business decisions, involved in acquisitions, contributing to the definition and achievement of strategy and utilising increasingly sophisticated computer systems, the accountants will be well placed to take advantage of the considerable promotion opportunities likely to be available. The roles do not require either routine accounting or internal audit.

The group is interested in receiving applications from bright young graduate accountants. Qualified either in commerce/industry or the profession, candidates will ideally have 1/2 years post qualification experience, good style and excellent technical and presentation skills.

Please write enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/861/F

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

Tax Accountant

International Engineering Group

Abingdon, near Oxford Up to £27,000 plus fully expensed car

Over the last three years, a radical and dynamic strategy-driven restructuring has transformed TI into a global player in the high margin, niche areas of specialised engineering. The Group has developed into a truly international and highly profitable organisation, primarily by a policy of disposal of non-core businesses and carefully selected acquisitions of

new ones. The Group's Head Office (about to be relocated from Central London) is seeking an individual with at least three years commercial/professional tax experience to join an expanding

team as UK Tax Accountant. The main thrust of the role will be to assist the UK Tax Manager, to whom you will report, in the preparation and control of the tax compliance affairs of UK Group companies. In addition, you will be required to provide general advice on all taxation matters, and assist with ad hoc project work.

A formal accounting/tax qualification would be preferred but is not essential. Critical, however, will be a mature, level headed and well organised approach to your work.

For the person capable of thriving in the typically fast paced Head Office of a multinational, this position will provide a fine platform for future advancement, as well as an attractive remuneration package which includes a 2 litre car, educational assistance and relocation where appropriate.

Please write, or telephone, Hamish Davidson quoting reference MCS/4044 at the address below. All applications will be treated in the strictest confidence. **Executive Selection Division**

Price Waterhouse Management Consultants

No. 1 London Bridge London SE1 90L Tel: 01-334 5833



Price Waterhouse



Exceptional Opportunity

DIRECTOR OF FINANCIAL PLANNING AND REPORTING

AGE 29-33

Our client is one of the UK's largest, most broadly based international companies, and is experiencing continued rapid growth, both organically and through acquisition.

internal promotion has created a need for the company to appoint a Director of Financial Planning & Reporting, who will be based at the Company's London Offices. Reporting directly to the Group Financial Controller, and supported by a small team, this particularly high-profile position will involve regular contact with the Group Finance Director and the Group Chief

- Your specific responsibilities will include:
- Planning and reporting of Group results.
- Development and enhancement of financial

£50,000+, plus car and bonus

planning and reporting systems across the

- Monitoring of capital expenditure throughout the Group.
- Contributing to special exercises (eg acquisitions and divestments) on an ad hoc basis.

You will be a graduate, qualified accountant, strong in systems, and possess a 'real eye for detail. In addition you will have a high level of energy, integrity and credibility with experience of working in a large, fast-moving, ideally

international organisation. interested individuals should write, enclosing a current resumé with salary details to Peter Flammiger at PMS, 14 Cork Street, London WIX 1PE.

Search and Selection Specialists

Financial Management

4MI Healthcare

Finance Manager £25 - 30,000 + Car + Benefits

London W1

The Princess Grace Hospital is one of the flagships of AMI Healthcare PLC's group of private hospitals.

Dedicated to the highest standards of patient care, it's also a highly professional, fast-moving and profitable business with some 300 staff and a turnover well in excess of £15 million.

As a key decision-making member of the senior management team, you'll have full responsibility for the financial control of every aspect of the hospital's

Your broad brief will include providing financial and strategic advice to the Executive Director, preparing feasibility studies for new capital projects, training and assisting department heads on a proactive basis and overseeing the Business Office function. Monitoring the financial performance of a number of managers, you will

also liaise with the corporate office and implement group financial

Since you'll be working closely with line managers, your several years of post-qualification experience should include wide-scale involvement within a commercially-orientated environment. Aged around 30, you'll need to be a strong manager with a strong, dynamic approach.

Reposite includes a commercial backly incurance life assurance.

Benefits include a company car, health insurance, life assurance, pension and 22 days holiday.

Tracey Alper on 01-638 1711 or write to her at Mervyn ECZR 6EL.



FINANCE DIRECT

North West

This is an outstanding opportunity to play a leading part in the strategic development of a major consumer products organisation. With a turnover approaching £200m, the company is a market leader poised for further growth, organically and by acquisition.

As a member of the board and strategic planning group, the Finance Director will have a strong commercial input to business development plans, enhance the provision of management information to focus on business opportunities and play a key role in acquisitions.

package circa. £47k

Candidates should be chartered accountants. mid thirties, with proven management experience at board level, preferably in a consumer products, multi outlet environment. You must be able to plan, implement and exploit business opportunities.

There is a very attractive remuneration package, assistance with relocation where appropriate and good prospects for advancement.

Please write with career and salary details to Peter Evans, ref: 908.

KPMG Peat Marwick McLintock

Executive Selection and Search 7 Tib Lane, Manchester M2 6DS

U.K. FINANCI CONTROLLE

Berkshire

Our client, an expanding and successful engineering company, a world leader in its specialist market and part of a major British Plc, is seeking a UK Financial Controller.

Based at the Company's headquarters in Berkshire and reporting to the Finance Director, you will be responsible for managing a finance department of around 25 staff, including qualified accountants, and for providing the financial advice and support to all areas of the Company's UK operations. Key tasks will include the production and analysis of financial and management

information, budgets and above all systems development. The development and implementation of a new costing system is of the highest priority.

c.£30,000 p.a.+bonus+car

This position offers excellent opportunities for career advancement in a dynamic Group.

You must be a qualified accountant, aged 30 to 45, with an ability to contribute as a member of the management team to the commercial success of the Company. Candidates must be computer literate and have experience of managing a large finance function ideally within a manufacturing or engineering environment.

The position offers an attractive range of benefits including relocation, where appropriate.

Please reply, in confidence, to Mike Smith. Ref: EMA

KPMG Peat Marwick McLintock

Executive Selection and Search Abbots House, Abbey Street, Reading, Berkshire RG1 3BD

Senior Tax Accountant

c. £55,000 + Car+ Bonus



in a year of challenging global market conditions, this major U.S. investment house has maintained it's position as a dominant leader in the highly competitive financial services sector. Dynamic management, and a corporate strategy orientated towards both Consumer and Capital Markets, has produced exceptional growth prospects, particularly in the post 1992 European market.

Recent internal growth and restructuring has generated the need to expand the taxation department further with the appointment of a Senior Tax Accountant. Reporting to the Director of Tax, this intellectually demanding role is largely of a revised pattern and recenides extensive expressive and recenides. of a project nature and provides extensive exposure to senior management. Prime responsibilities will include substantial UK and International tax planning and analysis. Some overseas travel is envisaged.

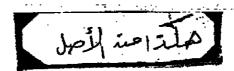
This opportunity will appeal to a qualified accountant, aged 30+, with relevant experience in either the financial services sector or public practice. In addition, the appointee will possess excellent presentation skills, and be capable of liaising effectively at all levels.

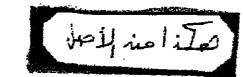
The rewards include an attractive remuneration package comprising high basic salary, company car and discretionary bonus scheme. Potential to progress rapidly within this challenging environment is limited only by the individual's

For further information in strict confidence contact Brian Hamill on 01-287 6285 (evenings and weekends 01-627 4974). Alternatively, forward a brief resumé to our London office quoting Ref: BH1028.

WALKER HAMILL

Financial Recruitment Consultants 29-30 Kingly Street Tel: 01 287 6285 London WIR 5LB Fax: 01 287 6270







ARE YOU AN ICONOCLAST? CHIEF ACCOUNTANT - FINANCIAL SERVICES

Chief Accountant required for the Globe Morley Group to fulfil an exciting and expanding new role. The successful applicant-will play a key role in the enhancement and growth of Globe Morley, the dynamic fund management group created last year following the merger of Geoffrey Morley with Globe

The Company

2800 million pension fund portfolios under management. Controlled expansion planned to develop businesses.

- Responsible for the reporting and financial support functions of the pension fund, unit trust and financial planning subsidiaries of the Group. Expanding new role.
- Reporting direct to the Finance Director of Globe Management. Key member of Globe Morley Management Team.

- Chartered accountant (probably in late 30's). Strong analytical and financial
- Proven experience in and extensive knowledge of accounting, settlement
- and treasury functions within the financial services sector.

 Resourceful, with outstanding organisational skills, capable of getting the best out of a compact and experienced team.

 Ability to communicate with clients and their advisers.

1. 121.5.252

Attractive salary package for this senior appointment. Please reply in writing, with full CV to: John Craze, Globe Morley Ltd Globe House, 4 Temple Place London WC2R 3HP

Group Finance Director Computer Services

c.£45,000 + bonus + stock options

Exciting, young company with established track record of growth and profitability seeks a finance professional who shares their ambition and vision to join talented

THE COMPANY

- Successful computer services and distribution company expanding through organic growth and acquisition.

 Strong financial backing from blue-chip institutions.
- Flotation planned in two years.

THE POSITION

- Main Board Director and key member of the decisionmaking executive team.
- Responsible for investigation, negotiation and integration of acquisitions, liaising with internal management and external advisers.
- Develop and implement financial reporting systems for all Group companies.
- QUALIFICATIONS
- Graduate, chartered accountant with successful track record of financial management in a dynamic, progressive
 - Age 30s, MBA desirable.
- Acquisition experience advantageous.
 Hardworking, results-orientated and ambitious with excellent interpersonal skills. THE REWARDS
- Excellent base salary and full executive benefits package including potentially very rewarding stock options.

Please reply in writing, enclosing full cv. Reference H3611. 54 Jeranya Street, London SW1Y 6LX.



LONDON - 01-493 3383 BERMINGHAM - 021-233 4656 - GLASGOW - 041-204 4334 SLOUGH - (0753) 694844 - BONG BONG - (BIK) 5 217133

Treasurer Leading Oil and Gas Company

c.£70,000 package

Central London

A large and very active exploration and production company seeks an exceptional professional to lead its fast moving Treasury department.

THE COMPANY

A leading operator in North Sea with outstanding reputation for speed and quality. ♦ Major active exploration, development and production programme.

THE POSITION

- ♦ Lead full service Treasury department including banking, FX trading and hedging. Drive exceptionally active, sophisticated
- funding programme. Control long range business forecasting.

QUALIFICATIONS

Outstanding and experienced Treasury professional, probably qualified accountant. ♦ Experience of the business and economic realities of the upstream oil and gas industry. Strong personal presence, commercial acumen. Aged over 30.

THE REWARDS

Very high base salary and excellent benefits.

Please reply in writing, enclosing full cv, Reference BH3609, NBS, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

S ELECTION

BIRMINGHAM • 021-233 4656 LONDON • 01-495 3383 • GLASGOW • 041-204 4334 SLOUGH - (0753) 694844 - HONG RONG - (HK) 5 217133

DIVISIONAL FINANCE DIRECTOR

To exert a profit-conscious influence at the heart of a multi-site manufacturing business

Up to £40,000, bonus + car

Thames Valley

The group is large, progressive and highly successful, the division, a profitable cornerstone, consists of several production sites and subsidiary service companies, with a total turnover exceeding £100 million. Although local management has a reasonable degree of autonomy, there is a small, high-powered divisional staff that offers expert guidance (exercising considerable influence, rather than control) to the individual operations. We are looking for a profit-conscious Finance Director to join that team. An accountancy qualification, obviously, is essential, more important is our preference for a CIMA, as this spells out the major aspects of the role, Ideal candidates, probably late thirties, will be able to demonstrate their total mastery of all aspects of manufacturing cost control systems. But, as they say, there's more. Projects will range from acquisition studies to ad hoc audits, from capital evaluation to an input to the division's strategic plan. Above all, the Divisional Chief Executive will expect a comprehensive financial interpretation of past endeavours and a reasoned financial assessment of future alternatives. Please send full career details, quoting reference WE 9166, to Robin Davies, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL Tel: 01-439 4581.

MANAGER

on capital expenditure.

details on 0753 860696.

Financial Recruitment Specialists

Our Client is one of the leading brewers, packagers and distributors of beers and lagers within the UK. Due to restructuring within the Group, there now exists the position of Financial Accounting Manager, based at its UK head office in

Managing 11 staff and reporting to the Finance Director, the job holder will face the major challenge of establishing the accounts department for the division.

The role will involve introducing a new general ledger system, producing comprehensive monthly accounts, establishing an accounts payable section, ensuring controls over stock, maintenance of fixed asset registers and reporting

Candidates will be graduate qualified Accountants aged 30-40, with several

Please apply directly to Jonathan Wilkinson at Robert Half, Freepost,

London · Birmingham · Windsor · Manchester · Bristol · Leeds

years' relevant technical and managerial experience and with a good track record

There are excellent opportunities to progress within the division and the Group.

Mountbatten House, Victoria Street, Windsor, Berks SL4 1YY.

Telephone: 0753 857181, or evenings on 01-672 0967. Alternatively, fax your

WARD EXECUTIVE

Executive Search & Selection

FINANCIAL ACCOUNTANT

Leading Securities House

to £27,000 + bank benefits City audit or job experience, as well as statutory

Our client is a 100% securities subsidiary of a leading international bank. The London operation is poised for growth, underlined by successful recent senior management appointments and investment in new DP

To further strengthen the "back office" function, a qualified financial accountant is now sought. Candidates should be graduates, with prior experience in the financial services environment, and ideally a grasp of treasury and capital market products, acquired through and TSA requirements. Exposure to computerised systems is essential.

This is an ideal opportunity for candidates to acquire excellent credentials within a blue chip organisation, and to enhance an initial experience in financial services.

If you are interested in this opportunity, send a complete curriculum vitae, together with present remuneration, day and home contact numbers, quoting reference D4111 to James Forte at the address below.

KPMG Peat Marwick McLintock

Executive Selection and Search 70 Fleet Street, London EC4Y 1EU

ANCIAL ACCOUNTING

FINANCIAL CONTROLLER **SOUTH KENSINGTON** £30,000 + CAR

MANDER PORTMAN WOODWARD

MPW operates the UK's leading group of independent sixth form colleges. Its enviable reputation and record of exam success have enabled it to grow vigorously.

As part of its plans for further growth, MPW now wishes to appoint a chartered accountant, probably aged under 30, as Financial Controller. The successful candidate will report

directly to the Managing Director and will immediately take on a full executive role in the management of the business.

MPW is a major subsidiary of BPP Holdings plc, a fully listed group with a market capitalisation exceeding £40m. Further career opportunities therefore arise both within MPW and throughout the BPP group.

Mander Portman Woodward Ltd., BPP House, Aldine Place, 142/144 Uxbridge Road, London W12 8AA. Tel: 01-740 1111

INTERNAL AUDIT MANAGER

WEST OF LONDON

(8)

CIRCA £30,000 + CAR AND COMPREHENSIVE BENEFIT PACKAGE

The appointment of Manager - Internal Audit is a newly created position within a major division of a multinational public group. The successful applicant, who will be responsible to the Finance Director, will be required to re-organise, strengthen and manage the internal audit operations. A substantial and increasing part of the turnover of the division arises in overseas territories although most activity will be concentrated

on the United Kingdom. Applicants should preferably be between 27 and 32 years of age, graduates and professionally qualified accountants - preferably with industrial experience. They should be self-motivated, have an analytical aptitude and a proven ability to communicate at all levels in a clear, logical and convincing manner. This is an ideal opportunity for a mature professional to gain valuable management experience which can lead to career progression into a senior line management role within the Group.

laterested candidates should send full career and personal details to John Overton FCA MECI, Bernard Hodes Overton Limited, 8 Dorset Square, London NW1 6PU or telephone 01 706 4911 for an application form

BERNARD HODES · OVERTON

MANAGEMENT SELECTION . EXECUTIVE SEARCH

PROJECT ACCOUNTANT

cE32,000 + Car

US based financial services group seeks qualified accountant (age 29-36) to take responsibility for special projects. Additional duties will encompass the Treasury function and monitoring the performance of investments. Excellent opportunity for ambitious and logical individual. Ref. 100895/csm

UK ACCOUNTING MANAGER

£26,000 + Car West End

Major metal merchants seek qualified accountant (age 27-33) to assume responsibility for UK financial management. Reporting to the Financial Controller, duties will include monthly reports, profitability studies and systems development and implementation. Ref. 129180/sml

For information about these or similar opportunities please contact

MANAGEMENT PERSONNEL 25 City Road, London ECIY IAA Tel: 01 256 5041 (24 hours) Fax: 01 374 8848

MANAGEMENT REPORTING

£29,000 + Car + Benefits City

Leading merchant bank seeks young, qualified accountant with analytical skills for key tole within their growing management reporting team. Initially responsible for improving reporting systems and reviewing profitability reports, there are realistic prospects for promotion. Ref. 126060/hkm

PA TO FINANCIAL DIRECTOR

c£24,000 + Bank Benefits

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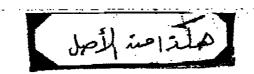
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INSIDE

New age for the machine



Extensive talks on computer industry are under way throughout Europe, according to Mr. Vittorio Cassoni (left), chief operating officer of Olivetti, the Italian computer and office equipment company. In an interview with Terry Dodsworth, he refused to indicate how

advanced the talks were, saying only that the reorganisation process could take a number of years. However, he added that the profitability of the European industry had declined sharply over the last year, with increasing pressure on margins putting more pressure on companies to reorganise. Page 22

Changing fortunes in Amazon

The Born Futuro cassiterite mine in the Brazilian Amazon is still the scene of daily knifings and shootouts among its 45,000 hard-drinking and low-living freelance miners. But overnight fortunes earned from digging lumps of almost pure cassiterite from the ground are a thing of the past. Page 38

Rebuilding confidence

- The beg

itch your need

coultants

The disastrous collapse of the Souk al-Manakh unofficial share market in 1982 has left the Kuwaiti authorities with the difficult and painful task of rebuilding confidence among the country's investors. As the latest step towards achieving this, the introduction of unit trusts is being encouraged in an effort to breathe new life into the stock market and pave the way for a possible programme of privatisations. Andrew Gowers reports. Page 50

Chrysier heads back to Europe



Chrysler of the US and Renault of France will shortly choose a site for the European manufacture of the new minijeep, codenamed JJ, for which the two companies are combining in a \$600m venture on both sides of the Atlantic, "We'll be-

back manufacturing in Europe very soon," sald Chrysler chief executive Mr Lee Iacocca. Having restarted from nothing byo years ago, Chrysler last year shipped 31,000 vehicles to Europe and aims to reach 50,000, half of them Jeeps, this year. "We expect to get to 100,000 very quickly," he said. Frankfurt Motor Show reports, Page 23

Acquisitions lift Lasmo

Acquisitions which boosted oil production, er prices and the income from loan notes Issued last year when it sold its stake in Enter prise Oil to Eff Aquitaine helped London & Scottish Marine Oil (Lasmo) report a doubling of net profits to £27.7m in the first half of the year. Lasmo also announced yesterday that it expects to be drilling in Vietnamese waters in the Gulf of Tonkin shortly following the conclu-sion of an agreement with Total, the French oil group, to acquire a 25 per cent interest in an oil concession in the gulf. Page 30

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Jaguar chairman Sir John Egan arrives at yesterday's press conference

Jaguar barely in profit as sales weaken in US

By Vanessa Houlder in London

JAGUAR, the British luxury car maker, yesterday revealed that it had made an operating loss for the six months to June 30 following a sharp deterioration in the US market and continued damage from adverse exchange rates. It reported a pre-tax profit of £1.4m (£2.1m), far short of fore-casts of about £8m and last year's interim pre-tax profit of £22.5m.

But despite forecasts by some analysts that the company would fail to break even in the full year, the share price rose from 397p to 417p. This reflected expectations of a takeover bid when the Government's golden share expires at

ernment's golden snare expires at the end of 1990.

The collapse in Jaguar's profitability this year promises to mark the bottom of the cycle in which the falling value of the dollar against sterling has dragged down profits. Jaguar is particularly badly hit by the dollar's weakness since more than 40 per weakness since more than 40 per cent of its turnover is derived

from exports to the US.

Sir John Egan, chairman, forecast "little if any" improvement
this year, due to the adverse
impact of the hedged US dollar
exchange rate of \$1.79, which is significantly less favourable than last year's rate of \$1.55. However, he forecast that pros-

pects should improve next year as a result of marketing initiatives and more attractive Sir John restated his belief that the company should remain inde-

Pre-tax profits (£million)

manufacturers. "The problem was how can they make money out of the association and us remain independent," he said. In addition to market and exchange rate problems, Jaguar suffered from an increase in the depreciation charge from £27.0m to £35.2m. This was partly offset by a £12.1m contribution from pendent, but said that he had efficiency improvements, conducted many talks with other although these were restricted by

industrial relations problems.
Turnover increased marginally from £537.0m to £553.6m. In the first quarter, UK, European and overseas markets were strong while tough market conditions in the US resulted in static sales. In the second quarter, sales outside North America continued well but the US market deteriorated sharply and sales were well down

With a fall in retail sales of 5 per cent in the US, Jaguar fared better than the majority of luxury car importers. However, the pressure of rivals' discounts and ncentive programmes forced it to increase marketing expendi-

For the full year, US sales are expected to be around 20,000 while sales in the UK are on course to equal last year's total of 14,500. No more than 50,000 cars

will be produced this year. Sir John was optimistic about the prospects for its recently launched 1990 model year saloon range. In addition, he highlighted the introduction of a wider model range in the US and Canada, which is expected to narrow the price differential between Jaguar cars and those of the US domestic luxury producers.

net cash position of £30m this year by funding its capital expenditure programme. A loss per share of 0.6p compared with earnings per share of 7.4p last year. The interim dividend was held at

New chiefs find Co op all over the shop

Haig Simonian on the mess behind a retailer's decline

Scotch whisky distillery, a champagne house and a country club in Canada are just three of the "assets" left behind by the previous top management of Co op, the troubled West German retailing group, which applied yesterday to go into receivership in what could be the biggest bankruptcy in the country's history, eclipsing the near-collapse of AEG in the mid-1980s.

None of the companies, typical of a string of luxury investments made by Co op's previous bosses, have been much use to the group's new bank-appointed executives. These are headed by Mr. utives. These are headed by Mr Hans Friderichs, a former economics minister and chief execu-tive of Dresdner Bank. Despite their impressive efforts

to unravel the Co op mystery, yesterday the signs were that they may have arrived on the

they may have arrived on the scene too late.

For the deeper Mr Friderichs and his colleagues delved into Co op's murky affairs under its previous board — headed by Mr Bernd Otto, now sojourning in South Africa — the more acute its problems appeared.

The group had amassed over 300 subsidiaries, many of them abroad, which had been bought while it built a mountain of debt, the bulk of which was hidden

the bulk of which was hidden outside Co op's own books.

The new team has done a remarkable job just putting the pieces together. Preliminary figures for 1988, seen by the board for the first time in mid-August, revealed a loss of around DM300m (\$151m). That was a substantial amount, but arguably less than had been feared. By this summer, the decline in

sales at Co op's 2,000-odd stores had been arrested, and turnover had even started to climb at some, meaning that the group had at least managed to keep pace with last year's sales levels. These were achieved before it hit the headlines.
Some parts of the previous management's empire had

already been trimmed. Mr Otto's company Jaguar, an early dis-posal, has since been followed by several bigger retailing assets, often resold to their previous family owners. Many more such transactions

are on the way, according to Mr Hans Schaefer, the consultant who came in with Mr Friderichs to help sort out the mess.

However, all that was before
the latest, and perhaps final,

twist to the Co op saga. For the belated 1988 balance sheet, which incorporates corrections to the group's highly suspect accounting practices in previous years, contained one less attractive rev-



Hans Friderichs: possibility of buyer for group

elation; Co op's debts were actually much higher than thought.
Rather than the DM1.95bn of 'overindebtedness" assumed in February, when the group's 143 creditor banks finally accepted a complex restructuring package obliging them to write off either 33 per cent or 50 per cent of their unsecured loans, the comprehensive figure is actually DM2.61bn, according to the latest data.

German law puts a company's board under a virtual straitjacket

in these circumstances. According to the rules for joint stock companies, the board has just three weeks to plug the financing gap. If it fails, it has no choice but to apply for "Vergleich", a form of receivering stopping just short of bankruntey. short of bankruptcy.

Last week, Swiss Bank Corpo-

ration (SBC), Amro, Security Pacific and Svenska Handelsban-ken, the four foreign banks which own more than 70 per cent of Co op's shares, along with Deutsche Genossenschaftsbank (DG Bank) and Bank für Gemeinwirtschaft, the two German banks most closely associated with the group, struggled to convince its unsecured creditors that they now had to forgo 80 per cent of their loans, rather than a lower figure, to come up with the

necessary cover. The creditor banks would have none of it. Since February, a string of yet more damaging rev-elations have emerged about Co

op. These range from rumours of poor trading performance to new information which puts SBC, which led the flotation of part of Co op's shares in October 1987, in an increasingly unfavourable

With the deadline before receivership ticking away, it was up to DG Bank to come up with a more acceptable plan. Its scheme called on the banks to write off 75 per cent of their unsecured loans, in return for receiving the

remaining 25 per cent in cash at the end of this month.

To share the burden, the plan required the four foreign banks to transfer their Co op equity to a DG Bank-appointed trustee, who would supervise a capital write-down, and a subsequent capital-raising for the new, finan-cially sound, Co op, whose shares would then be floated or placed by DG Bank.

By the 4 pm Tuesday deadline, only 72 of the banks had agreed. So at midnight on Tuesday Co op had no choice but to file for receivership. As Mr Friderichs talked to the press yesterday morning, Mr Bernhard Hembach, the court-appointed receiver, was waiting upstairs to talk to him.

Optimists still see hope for Co op, provided enough banks can be persuaded to accept the DG Bank package before the company's suppliers and landlords pull the plug. Whichever way they jump, it is

clear that, even if Co op survives this crisis, its prospects as an independent company are limited. Mr Friderichs has always maintained he would not have accepted the job if he had not thought he would be given the two to three years needed to bring the company round.

hring the company round.

Yesterday, he himself tacitly admitted that Co op had already talked to a variety of retailers over its future. Though German monopoly rules would probably prevent a domestic takeover, a break-up, notably involving the attractive Plaza hyperstores, is increasingly likely.

increasingly likely.

However, Mr Friderichs also mentioned the possibility of another retailer buying part or full control of the group, should DG Bank succeed in placing Co op's shares. Mr Friderichs also revealed

between at least two of Co op's four foreign bank shareholders and the company itself. Although of the DG Bank plan, Mr Frider-ichs noted that two of the four banks had placed a "substan-tially higher" value on their Co op equity than that envisaged under the DG Bank plan. That was a poor crumb of comfort in yesterday's circumstances.

Defence results hit BAe shares

BRITISH AEROSPACE yesterday reported a 48 per cent increase in interim pre-tax profits to £141m (\$218m), but its shares fell 45p to 655p because of a larger than expected decline in profits from weapons and defence electronics.

The UK aerospace and motor group's overall trading profits rose to £146m from £130m in the same period last year, but those from weapons and electronics systems fell to £48m (£39m).

"The scale of the decline in this division came as a shock to the market," said Mr Iam Wild, an

aerospace analyst with Barclays de Zoete Wedd. However, City analysts said they viewed BAe's longer-term prospects favourably. It is expected to benefit from its new broader base of activities, buoy-

ant civil aircraft demand and continued strong earnings contri-bution from military aircraft. First-half pre-tax profits included a £34m one-time gain from the sale of part of BAe's stake in DAF, the Dutch-based

truck maker in which it has retained a 16 per cent holding.
Rover Group, which BAe
bought from the Government last
year, contributed trading profits
of £27m (£18m), confirming its
trend of improving profitability.
Rover's first-half revenues rose by 10 per cent to £1.7bn, helping to boost sharply BAe's overall first-half sales to £3.98bn

(£1.87bn). BAe's military aircraft division saw trading profits rise to £87m in the first half from £80m in the same period last year, while com-mercial aircraft operations reported a trading profit of £5m

repried a training front of 25m compared with a loss of £17m for the first half of last year.

Professor Roland Smith, BAe chairman, said the group's Airbus business was still losing money, but he expected these operations to show a profit in the

early 1990s. Sir Raymond Lygo, who is retiring as chief executive at the end of this year, also noted that BAe's commercial aircraft busi-

ness had come into the black three years ahead of schedule. Prof Smith and other senior BAe executives were clearly irri-tated yesterday by the stock market's reaction and claimed that the results were "good news" and seemed to confirm the company's profit forecast for the whole year of pre-tax earnings of around

BAe had long anticipated the downturn in the weapons and defence electronics business and had already taken radical steps this year to restructure these operations in the face of the difficult market in this sector, Prof Smith explained. He added that the first-half performance had "emphasised the success of the group's diversification strategy", which had helped offset the expected fall in profits from

weapons and defence electronics. The interim dividend rises to 8.1p (7.4p). Earnings per share increased to 38.7p (24.8p), or 25.4p excluding the exceptional gain.

Lex, Page 20

Smaller listed and quoted companies

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Margins push BTR ahead to £513m

By Clay Harris in London

BTR, the UK-based industrial conglomerate, exceeded market expectations yesterday with interim pre-tax profits of £513m (\$795m), a 39 per cent advance on the £368m achieved in the first half of 1988. Its shares rose 15p to

close at 474p. Mr John Cahill, chief executive, refused to entertain any questions about plans for a possi-ble financial restructuring or the company's relationship with Koblberg Kravis Roberts, the US leveraged buy-out specialist which has signalled an intention to acquire up to 15 per cent of BTR's shares.

However, apart from increased daily volumes, there had been no unusual trading patterns in BTR's shares since it revealed KKR's interest a month ago, Mr Cahill said.

In the six months to June 30, BTR increased its return on sales, a figure the group watches closely, from 15.5 per cent to 16.4

Trading profits rose by 42 per cent to £574m (£405m) on turn-over ahead by 34 per cent to £3.5bn (£2.6bn). The improvement in margins

was flattered, however, by the decision to exclude the sales and profits of National Tyre Service for the entire six months even though the tyre and car replacement parts distributor was not sold to Michelin until the end of

BTR did not disclose NTS's first-half trading performance, but it achieved pre-tax profits of 28.5m on turnover of about £150m in 1988, well below the group's overall margins. Three-quarters of BTR's increase in turnover and 40 per cent of its rise in trading profits came from acquisitions. Existing businesses showed organic growth in profits in excess of the 20 per cent achieved in the first half of 1988.

Europe accounted for £238m (£200m) of trading profits, the East, mainly Australasia, for £196m (£127m), and the Western hemisphere for £140m (£78m). By business segment, profits came from consumer-related products £161m (£101m), construction £136m (£76m), indus-trial £121m (£108m), transportation £106m (£75m) and energy and electrical £50m (£45m).

The NTS disposal contributed most of a £45m extraordinary credit, and the growth of BTR Nylex meant that profits attributable to minorities more than dou-bled to £75m (£28m). The interim dividend is increased to 6.7p (5.3p), a 26 per

cent advance in line with growth in earnings per share from 13.5p For a second year, BTR shareholders will receive one warrant

for every 33 shares held, exercisable at 480p in 1993 and 1994. The first tranche, with an exercise price of 285p, began trading at 55p last November, The warrants closed yesterday at 233p. Lex, Page 20

Corporate Treasury Balance Sheet Manager

C London

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national. Preferably ACT qualified, an accountancy background would also be useful. High intellectual ability and numeracy, together with strong Interpersonal and technical skills are essential to establish authority and credibility throughout the Group.

interested candidates should write enclosing a comprehensive CV with daytime telephone number quoting Ref: 364 to Sara Cooke, MA, Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Group Chief Accountant

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Please reply in confidence, giving concise career, personal and salary details to Alan Goodenough or Heather Male, quoting Ref. L450.

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Further details and application form may be obtained from Personnel, RIIA, 10 St James;s Square, London SW1. Telephone: 01 930 2233, Fax: 01 839 3593.

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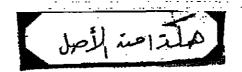
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BRADFORD



INTERNATIONAL COMPANIES AND FINANCE

Mystery company bids for MGM

Chrysler close to

minijeep site choice

By Roderick Oram in New York

MGM/UA Communications, the Hollywood film and television studio, has received a higher takeover offer than one from Qintex of Australia to which it had agreed in April.

MGM/UA, controlled by Mr

Kirk Kerkorian, a Hollywood financier of legendary negotia-ting skills, said the new offer had been made by an un-named New York Stock Exchange listed company.

The new hidder is offering

BSN gains

half profits

crease

12% in first

BSN, the French food and

drinks group, has reported a 12.4 per cent gain in first half profits to FFr1.413bn (\$211.5m). The group said the result

included an exceptional gain on the sale of its biscuit sub-contracting activity in the US, but bore the cost of financing the \$1.2bn acquisition, from RJR Nabisco, of three biscuit readucers in France Table and

producers in France, Italy and the UK.

The dairy products division, which includes the world-lead-ing Gervais and Danone

yoghurt brands, continued its

strong recovery, advancing 28.5 per cent to first half operating

profits of FFr537m.

The biscuits division itself,

which did not yet include the

three Nabisco subsidiaries,

increased operating profits by 24 per cent to FFr522m. Grocery products fell back

by 3.5 per cent to operating profits of FFr444m, and the

packaging division dropped by 5 per cent to FFr339m.

per cent to FFr496m, while champagne and mineral water

gained 10 per cent to FFr316m. Analysts said the hot summer

should allow these two divi-

sions to continue strong prog-ress in the second half.

Following the Nahisco deal in June, where it bought five companies for \$2.5bn before

reselling two crisps and snacks

companies to PepsiCo for \$1.3bn, BSN then launched in

July the FFr10.5bn acquisition,

with the Ifil holding company

of the Agnelli family, of Italy's

Beer profits advanced 19.8

\$23.16 and \$18 respectively per MGM/UA common and pre-ferred share held by MGM/ UA's controlling shareholders, Tracinda (one of Mr Kerkorian's main corporate vehicles) and by Mr Kerkorian. Other shareholders would receive the same prices.

Quintex, run by Mr Christo-pher Skase, a 40-year-old Aus-tradian entrepreneur, had earlier offered \$20 per common share payable by September 30.

By Andrew Fisher in Frankfurt

CHRYSLER OF the US and Renault of France will shortly

choose a site for the European manufacture of the new mini-

jeep, codenamed JJ, for which both companies are combining in a \$600m venture on both

Mr Lee Iacocca, the chief executive of Chrysler, said yes-terday that two sites were under consideration for the

four-wheel drive sports/utility vehicle, though he declined to

say where. In March, Chrysler

indicated that France, Spain, and Portugal were likely candi-

dates, with production to take place in existing under-used

"We'll be back manufactur-

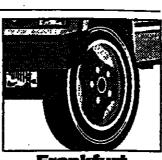
facilities.

Qintex would pay interest on the \$180m of preferred shares and buy them back at \$18 each in two years time. An official at Qintex's US headquarters in Los Angeles said "We are eval-uating the situation."

MGM/UA said its agreement with Qintex allowed it to terminate the offer if it could enter into a more advanta-geous deal. It would have to pay Qintex a termination fee of \$18.2m. MGM/UA said its board

would meet today to consider whether the new offer is more beneficial to its shareholders. Its stock price rose \$1% to \$21 % yesterday morning. Under the original deal . Oin

x would pay \$1bn for MGM/ UA but then sell back to Mr Kerkorian for \$250m the MGM logo and name, 34 feature films the company has made since 1986 and the successful MGM/ UA Television Production



Frankfurt

to get to 100,000 very quickly," he said. He said the strength of the He said the strength of the dollar had bitten into margins on its European sales, though he said Chrysler was making a profit in Europe. This was the reason for deciding to build the JJ minijeep in both the US and Europe. "Then you can really trade back and forth."

• Daimler Renz, the diver-

Chrysler last year shipped 31,000 vehicles to Europe and aimed to reach 50,000, half of them jeeps, in 1989. "We expect

 Daimler-Benz, the diver-sified West German motor manufacturer, expects competition in the luxury car market to become much tougher in the next few years as more buyers **Motor Show**

cedes-Benz vehicle subsidiary, said yesterday. He warned German producers to watch cost levels, calling for restraint in next year's wage talks in the engineering industry.

 Honda of Japan yesterday announced the fourth generation of its Accord model, aimed at the upper middle market. and manufacturers move up-market, Mr Werner Niefer, completely redesigned to

ing in Europe very soon," said Mr Iacocca. Having restarted chairman of the group's Mer- expand its market share. French bank seeks rest of unit

By George Graham in Paris

SOCIETE GENERALE, the leading privatised French hank, is to bid for the outstand-ing shares it does not own in Sogenal, its Alsatian subsidiary, which was floated on the Nancy stock exchange in March 1987 in one of the first

French privatisations.

The parent bank is offering one of its own shares for four of Sogenal's, valuing the regional subsidiary at a total of FFr1.7bn (\$258m), scarcely more than its privatisation valnation of FFr1.6bn.

Sogenal's shares traded ves terday at FFr122.50, below the flotation price of FFr125, at leading cheese group, Galhani. | which it was 46 times oversub-

scribed two years ago, and well beneath the price of FFT170 at which it traded in the heady aftermath of the flotation.

At the time of that flotation Société Générale owned 52.6 per cent of Sogenal, and only the remaining 47.4 per cent held by the state was put on sale. Since then, it has gradually increased its stake, reaching 56 per cent at the end of 1988 and standing now at 65 per cent.

Sogenal was founded as a separate subsidiary in 1881 after the annexation of Alsace by Germany forced Société Géne <aa>rale to choose between closing its branches in

the region and transferring them to an Alsatian company. Last year, profits slipped by 3 per cent to FFr160m.

The offer is expected to arouse some political agitation in France, since it is the first of the companies privatised by the right wing Chirac govern-ment between 1986 and 1988 to be the target of an open take-over bid — even if the bidder already owned the majority of its capital at the time of the

Sogenal had hoped at the time of its privatisation that it would be able to build a strong base of regional shareholders, but this was not realised.

Swedish property dealer buys into Saab

By John Burton in Stockholm

SAAB-SCANIA, the Swedish antomotive and aerospace group, has seen a major change in its share ownership structure in recent months, with a Swedish property dealer becoming its second largest shareholder.

Barkmans, an investment company wholly owned by the financier Mr Sven-Olof Johansson, has acquired 12 per cent of Saab's equity and 14 per cent of the voting rights in Saab this year, according to new figures released by Swe-den's Securities Register Cen-

tre.
The powerful Wallenberg family remains the biggest shareholder. Through its two main investment companies and charity foundation, it owns 20 per cent of the equity and 23 per cent of the voting rights of Saab. Barkmans is one of Swe-

den's biggest property develop-ers with interests in hotels, the forestry industry and electronics. Its turnover is esti-mated at SKr1.6bn (\$239m).

Barkmans' buying spree has coincided with the disposal of Saab shares by several major Swedish insurance companies in response to major losses in the car division.

Skandia, formerly Saab's seventh biggest shareholder, has sold off two-thirds of its holdings in the company. The refusal by Barkmans to discuss its interest in Saab has fed speculation that Johansson is mounting a bid to challenge the Wallenbergs, Sweden's financial dynasty, for control of Saab. • SCANDINAVIAN AIR-

LINES SYSTEM (SAS) said yesterday that a possible pur-chase of Continental Airlines from Texas Air is "currently not at issue." But the Nordic carrier added

that if Continental, in which it indirectly has a minority stake, is offered for sale, it would "naturally look after its own interests." The statement, issued by Mr

Jan Carlzon, SAS chief executive, (correct) was made in response to recent speculation that SAS plans to buy all or part of the US airline.

P&O up 51% at six | Ferranti due months despite some setbacks in divisions

petition in the Far East and higher costs caused by the

recent national dock strike in

There was good progress, however, in passenger ship-ping, services, and construc-

tion and property. The results included a "substantial" profit from the sale of the group's

shareholding in construction

"Taking into account the prevailing economic climate in the UK, the results for the first half year are satisfactory," Sir

At the operating level, profits from service industries increased from £43.1m to

£48.9m; passenger shipping from £6.1m to £29.2m; house-

building, construction and

development from £57m to £32.4m; and investment prop-

erty income from £23.7m to £24m. Operating profits from container and bulk shipping fell from £25.7m to £16.3m.

P&O shares closed 8p lower

integrate the loss-making Indesit, which it acquired at the beginning of last year, and which Merioni says ended the

loni acknowledged its margins had fallen from 10 per cent to 7

per cent of sales and interest

charges had risen by 4.3 per

of last year.

No price has been revealed

for the 82 per cent of Scholtes purchased - Merloni merely

says it was less than L50bn.

The bond issue is partly

cent to L20.3bn.

year with "positive results." Nevertheless, when it reported a 27 per cent rise in operating income for 1988, Mer-

company Taylor Woodrow.

Jeffrey said.

By Kevin Brown, Transport Correspondent

PENINSULAR and Oriental Steam Navigation, the UK shipping, construction and services group, yesterday reported higher than expected interim pre-tax profits of £169.3m (\$262.4m), up 51 per cent from the first half of 1988.

However, the increase was reduced to 28 per cent after stripping out the effects of an exceptional loss of £20m in the first half of last year. This followed a strike at the company's Dover ferry subsidiary. Turnover was up 31 per cent at £1.91hn. Earnings per share were 28p, compared to 18.1p in the earlier period. The interim dividend was raised from 10.5p

to 125p.
Sir Jeffrey Sterling, chairman, said the results had been hit by a severe downturn in the housing market, which had interrupted the strong growth achieved by Bovis Homes over

The performance of the P&OCL container shipping subsidiary was "not adequate." mainly because of strong com-

By John Wyles in Rome

SWISS BANK CORPORATION (SBC) is to take a 5 per cent

stake in Merloni Elettrodomes-

tici, the largest Italian white goods manufacturer, which recently acquired Scholtes, the

French household appliance

Merioni said yesterday that

negotiations on SBC's partici-pation had begun before, and

continued after, the Italian company's L100on (\$70.4m) convertible bond issue in July,

which closed within five hours.

SBC was co-manager of the issue and will retain sufficient

bonds to convert into ordinary

voting shares. It is not known

when the conversion will be

made and no comment was

available yesterday from SBC.

Merloni said it had a long relationship with SBC, and its

shareholding would satisfy the

company's desire for "a strong financial partner." The com-

pany has been struggling to

company.

SBC to acquire 5% of

Merloni Elettrodomestici

to make full statement in two weeks

By Terry Dodsworth and Hugo Dixon in London

FERRANTI International Signal, the troubled UK electronics group which has run into problems on some overseas contracts, said yesterday that it would be another two weeks or so before it was ready to make a full statement about its problems.

There is no point in going off half cock with half a story

The company conceded that a statement would have to be made no later than October 10 so that trading in its shares could resume before the adjourned annual meeting which has been rescheduled for that date. It added, however, that the review that has begun into the problem contracts would take time because it was not simply a question of it was not simply a question of looking at accounting issues. Events had occurred that the mangement was having to consider, and which might lead to an impact on the reported accounts for last year.

Ferranti wrote to shareholders yesterday promising that it would end the uncertainty over the company's future as soon as possible. Earlier this week it said that the problems concerned the "carrying value" of certain overseas contracts entered into by its ISC Technologies subsidiary, which was acquired by Ferranti when it merged with International Signal and Control in 1987.

The letter gave no clues as to when Ferranti might seek to have its shares suspension lifted. It said only that the board would keep the issue "under active review." Under Stock Exchange practice, there are no hard and fast rules governing suspensions.

intended to raise the compa ny's capital from L100bn to L138bn and, as a result, should Attack on Ciba bid INSTITUT MERIEUX, the improve its debt/equity ratio which stood at 1.03:1 at the end

French vaccines producer con-trolled by Rhône-Poulenc, is expected to mount a counterattack against Monday's sur-prise offer for Connaught Bio-Sciences, the Toronto-based The company says the acquisi-tion will complete Merloni's range of products at the top vaccine and bioresearch group, from Ciba-Geigy and a US asso-ciate, writes Robert Gibbens in

STOCKHOLM

9 & 10 OCTOBER

his important conference assesses the developing relationship of Norway, Sweden, Finland and Iceland with the European Community and looks at the strategies of important Nordic businesses. Taking part are:

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Mr Kjell-Olof Feldt Minister of Finance, Sweden

Mr Niels Helveg Petersen Minister of Economic Affairs, Denmark

Mr Jonas Gahr Støre Adviser to the Prime Minister, Norway

Mr Kalevi Sorsa Speaker of Finnish Parliament

Mr Thorsteinn Olafsson Economic Adviser to the Prime Minister, Iceland

Dr Anders Aslund Stockholm School of Economics

Mr Paavo Rantanen Nokia Corporation

Mr Harald Norvik

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Mr Bo C E Ramfors Skandinaviska Enskilda Banken

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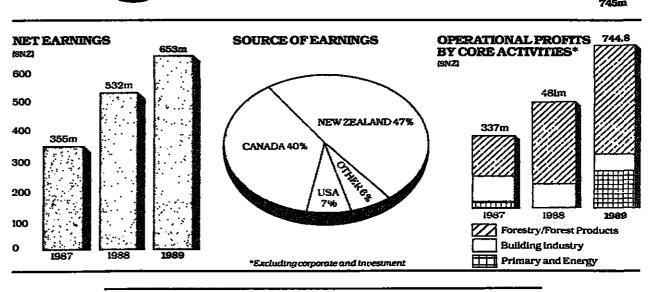
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Net Earnings After Tax	NZ\$653.4m	\$532.3m	+23%
Earnings Per Share	63.5 cents	59.4 cents	+7%
Dividend Per Share	27 cents	25 cents	+8%
Net Asset Backing Per Share	\$3.59	\$3.19	+13%
Debt: Equity Ratio	56:44	59:41	-

Highlights of the Year

- Record earnings from forest products and energy activities.
- Record forward workload secured by construction operations.
- Acquisition of the Rural Bank (August 1989) to extend penetration of New Zealand based rural activities.

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American Express Credit Comporation US\$ 200,000,000 756% Senior Notes due 1993 American Express Overseas Credit Corporation Limited £40,000.000 10% Notes due 1994 American Express Overseas Credit Corporation N.V.

CanS 60,000,000 9% Guaranteed Notes due 1994 The Australian Gas Light Company Aus\$ 50,000,000 13% Bonds due 1992 Aus\$ 60,000,000 13% Bonds due 1992 AVCO Financial Services Ltd. Aus\$ 35,000,000 14% Notes due 1990 Aus\$ 40,000,000 1312% Notes due 1993

BP Capital B.V. £100,000,000 934% Guaranteed Notes due 1993 British Petroleum (Overzee) B.V. Yen 15,000,000,000 7% Bull/Bear Notes due 1993 BNP Finance Limited

Aus\$ 75,000,000 1433% Guaranteed Notes due 1992 USS 60,000,000 Subordinated Floating Rate Notes due 1990

Bramalea Umited USS 75,000,000 111/4% Senior Debentures due 1992

British Columbia Telephone Company
Cans 70,000,000 Series AK Retractable First Mortgage Canada Trustee Mortgage Company Cans 150,000,000 10%% Debentures due 1993

Canadian Occidental Petroleum Ltd. CanS 60,000,000 Retractable Debentures due 1999 Central Capital Corporation Can\$ 75,000,000 103% Notes due 1992 Chrysler Credit Canada Ltd. CanS 60,000,000 1256% Guaranteed Notes due 1992

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USS 40,000,000 Floating Rate Notes due 1992 USS 50,000,000 Subordinated Roating Rate Notes due

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Household Financial Corporation Limited CanS 75,000,000 10% Notes due 1992 Can\$ 75,000,000 10¾% Guaranteed Notes due 1993 Can\$ 75,000,000 9% Notes due 1994 IBM Canada Limited

CanS 200,000,000 914% Debentures due 1993 IC ladustries Finance Corporation N.V. (Now Whitman Finance Corporation N.Y.)
USS 100,000,000 8 7% Guaranteed Notes due 1991 USS 75,000,000 12% Guaranteed Notes due 1990 IC Industries, Inc.

(Now Whitman Corporation Can\$ 50,000,000 1212% Notes due 1995

Aus\$ 40,000,000 15% Guaranteed Notes due 1992

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USS 100,000,000 101/2% Debentures due 1995 CanS 100,000,000 91/2% Debentures due 1992 18 Schleswig-Holstele Finance B.V. Aus\$ 30,000,000 14¼% Notes due 1991

Ville de Laval CanS 30,000,000 1436% Bonds due 1991 CanS 40.000,000 101/4% Bonds due 1996 CanS 50,000,000 1114% Bonds due 1995 Lobiaw Companies Limited
CanS 50,000,000 11%% Debentures due 1992

Province of Manitoba USS 100.000,000 101/2% Debentures due 1990 USS 100.000,000 102½% Debentures due 1994 USS 125,000,000 574% Debentures due 1991 USS 150,000,000 7½% Debentures due 1996

McDonald's Corporation CanS 75,000,000 8½% Notes due 1992 McDonald's System of Australia Limited Aus\$ 50,000.000 1414% Notes due 1994

Montreal Trust Company of Canada US\$ 100,000,000 9% Guaranteed Deposit Notes due 1991 Montreal Trustee Inc. Can\$ 50,000,000 10% Debentures due 1991 Commusuté Urbaine de Montréal

US\$ 150,000,000 Floating Rate Notes due 1991 Can\$ 75,000,000 1114% Bonds due 1995 Nova Corporation of Alberta Can\$ 100,000,000 10% Debentures due 1996 US\$ 100,000,000 834% Debentures due 1994 Province of Nova Scotia

Can\$ 100,000,000 1156% Bonds due 1995 The Regional Municipality of Ottawa-Carleton Can\$ 15,000,000 954% Debentures due 2006 Can\$ 40,000,000 9%% Notes due 1998

PasCanadian Petrologo Limited CanS 50,000,000 12½% Debentures due 1993 Province de Guébec US\$ 200,000,000 9% Bonds due 1998

Ville de Ovébec CanS 45,000,000 111/2% Retractable Bonds due 2000 The Rank Ornanisation Pic £50.000,000 10%% Bonds due 2008

Rorer Group Inc.
US\$ 250,000,000 6% Convertible Senior Subordinated The Royal Bank of Canada US\$ 100,000,000 111/6% Deposit Notes due 1990

US\$ 100,000,000 1114% Deposit Notes due 1990 USS 150,000,000 836% Deposit Notes due 1993 US\$ 300,000,000 Ploating Rate Debenture Notes due 2085 US\$ 350,000,000 Floating Rate Debentures due 2005 Yen 15,000,000,000 41/4% Deposit Notes due 1992 Can\$ 40,000,000 10% Debentures due 1994 Can\$ 40,000,000 9% Debentures due 1992 Can\$ 100,000,000 1014% Deposit Notes due 1991

The Royal Bank of Scotland £125,000,000 1056% Subordinated Bonds due 1998

Can\$ 75,000,000 91/2% Secured Notes due 1993 The Rural and Industries Back of Western Australia US\$ 50,000,000 12% Deposit Notes due 1991 Province of Saskatchewa

US\$ 100,000,000 1034% Notes due 1992 US\$ 125,000,000 1034% Notes due 1990 US\$ 125,000,000 71/2% Notes due 1991 US\$ 150,000,000 15% Bonds due 1992 CanS 150,000,000 8½% Notes due 1990 US\$ 150,000,000 81/2% Notes due 1991 Can\$ 150,000,000 9½% Notes due 1990 Can\$ 150,000,000 9%% Notes due 1991 Can\$ 300,000,000 10\4% Notes due 1994

Sears Acceptance Company Inc.
Can\$ 50,000,000 14% Secured Debentures Series Y due CanS 100.000.000 10% Secured Debentures Si CanS 75,000,000 103/4% Secured Debentures Series Z due

Société Nationale Elf Aquitaine Can\$ 65,000,000 9½% Bonds due 1991

Southland Canada Inc. Can\$ 50,000,000 12% Guaranteed Notes due 1992 Tasmanian Public Finance Corporation
Aus\$ 43,000,000 13/4% Guaranteed Bonds due 1993 Trusthouse Forta Pic

US\$ 75,000,000 8¼% Notes due 1991 F. van Lanschot Bankiers N.V. Aus\$ 40,000,000 121/2% Notes due 1991 The City of Vienna Can\$ 81,600,000 13¼% Bonds due 1994

The City of Wisalpeg
Can\$ 50,000,000 10%% Debentures due 1990, Series UZ
Can\$ 50,000,000 12%% Debentures due 1991, Series UY CanS 60,000,000 9% Debentures due 1992, Series VE Woolworths Limited

Aus\$ 30,000,000 1374% Notes due 1990 Zentralsparkasse god Kemmerzialbank, Wien US\$ 50,000,000 101/4% Subordinated Bonds due 1995 CanS 50,000,000 11%% Subordinated Bonds due 1995

Presentations of Coupons, Bonds, Notes, Debentures and Warrants can be made at the offices of the other paying agents named on the respective Coupon, Bond, Note, Debenture or Warrant, or to the Principal Paying



THE ROYAL BANK OF CANADA **ORION ROYAL BANK LIMITED**

71 Queen Victoria Street, London EC4V 4DE Telephone: 01-489 1188 Telex: 8811897 Facsimile: 01-329 5142

Notice to the Holders of Warrants to subscribe up to ¥19,230,000,000

14th September, 1989

for shares of common stock of Tokyo Electron Limited Pursuant to Clause 4 (A) of the in-strument dated 3rd November, 1988 (the "instrument") relating to the above-captioned warrants (the "War-rants"), notice is hereby given as follows:

At the meeting of the Board of Directors of Tokyo Electron Limited Directors of longo Electron Limited
(the "Company") held on 28th August,
1989, it was resolved that the Company
issue new shares of its common stock
("Shares") to its Shareholders of record
as of 30th September, 1989 by way of a
free distribution of Shares at a ratio of tree distribution of States at a ratio of 0.1 Share for each one Share beld. Consequently, the Subscription Price of the Warranta will be indjusted in the manner as set forth below pursuant to Clouse 3 (i) of the instrument

Subscription Price
before adjustment; 42,143
Subscription Price

₩1,948.20 1st October, 1989. Tokyo Electron Limited By: THE SANWA BANK, LIMITED

Western Mining **Corporation Limited**

US\$50,000,000 9% Bonds 1992

S. G. Warburg & Co. Ltd. announce that the redemption instalment of Bonds due 15th October, 1989 for a nominal value of US\$937,000 has been that by purchases in the market. US\$30.936,000 nominal amount of Bonds will remain ourstanding

The following Bonds previously drawn for redemption on the dates stated below have not yet been presented for payment:—

15th October, 1987 1271 4880 7830 17795 34605 34628 34651

> 15th October, 1986 81

14th September, 1989

INTERNATIONAL COMPANIES AND FINANCE

markets rather than technology

By Terry Dodsworth, Industrial Editor

MR VITTORIO Cassoni, chief operating officer of Olivetti, the Italian computer and office equipment company, said yesterday that extensive talks on rationalisation in the computer industry were going on

throughout Europe.

He refused to indicate how advanced the talks were, saying that the reorganisation process could take a number of years. But he added that the profitability of the European industry had declined sharply over the last year, with increasing pressure on margins adding another pressure on companies to reorganise. The process was now "ineluctable," as Europe followed the exam-ple of the US over the last few

years.
Olivetti's strategy, he said, would be to pursue deals that would give it additional access to markets rather than technol-

The technology in the industry is becoming a commodity. We think we already have the right product platforms and the correct strategy, so our investment will be driven by our needs for market

Mr Cassoni, who took over his present job only 16 months ago, also argued that restructuring was unlikely to be deter-mined by straightforward cash acquisitions. The industry in Europe would probably be reorganised through a variety of merger and joint venture arrangements, he said. "In

large agreements I don't think cash will play a major role." Olivetti, which recently declared a 40 per cent decline in first half pre-tax profits to L103bu (\$72m), has gone through a substantial internal reorganisation since Mr Cas-

soni's arrival. The new structure of the group, which splits off office equipment from business com-puter systems and a third divi-sion aimed at the software and

sion aimed at the sortware and services market, has now been instituted throughout Europe. Mr Cassoni said the disrup-tion caused by the changes hit the company hard in the first few months of this calendar year, but since then sales and orders have bounced back ecross the group.

A series of new products are

on the stocks as part of a new policy to introduce equipment based on the latest technology as soon as the leading companies in the industry. These include a new low-cost per-sonal computer designed to compete directly with the Amstrad range and other cheap machines produced in

Olivetti is also moving into the facsimile market with a machine designed in a joint venture with Sanyo and Mitsui of Japan. In addition, it will shortly introduce a high-pow-ered personal computer based on the new Intel 486 micropro-cessor, which is expected to be among the first products using

Wormald seeks new path for Holmes Protection

By Andrew Hill and Chris Sherwell

WORMALD International, the Australian fire protection company which owns 14.6 per cent of Holmes Protection Group, the New York electronic secu-rity company quoted in Lon-don, is trying to elect five directors to the Holmes board to give Holmes "a new direction."

Mr Robert Mansfield, Wormald's managing director, made his move public in a let-ter to Holmes's shareholders just hours after the release of annual results confirming a return to the black by Wormald after heavy losses in the wake of the 1987 stock market crash.

He said the Australian group believed the inherent value of Holmes shares could be realised by seeking a buyer for the New York company, or "revitalising and redirecting" its

his own company's objective of becoming a "single focus fire protection organisation" was virtually complete." Wormald, now controlled by AFP Group, reported net prof-

focus.
In Wormald's profit statement Mr Mansfield said that

its for the year to June of A\$21.4m (\$16.34m) compared with a A\$72.4m loss the previous year, despite a dip in revenues to A\$980m from A\$1.07bn. AFP is a London-registered company domiciled in Monaco and listed in Australia. It has significant interests in Gestettelevision network in Austra-lia, and in Harlin, the controlling shareholder of Mr John Elliott's Elders IXL. Wormald said its net debt

position had declined to A\$85m from A\$309m, halving its interest expense to A\$23.6m. After omitting a dividend the previous year, it restored a 5 cent total payment. Holmes shares were unchanged at 85p in London

yesterday. That compares with a peak of 192p in March 1987. Wormald has requested a special shareholder meeting to consider the election of five directors - three independent and two from Wormald - to add to the three already on the

Mr Brian O'Connor, Holmes's chairman, said yes-terday the group was still considering making board appointments. In May, Holmes sacked its two US executive directors, after problems with the important Manhattan burgiar alarm monitoring operation cut 25 per cent from the group's 1988 pre-tax profits.

He said Wormald had made

two requests for a special shareholder meeting, both invalid. Holmes now thought it would make sense to consider calling such a meeting and would discuss the timing with its advisers.

Holmes and Wormald have also been fighting in the US courts over the New York secuner of the UK, the Channel Ten rity company's share register.

Report alleges 'massive fraud' at MiniScribe

By Louise Kehoe in San Francisco

A "MASSIVE fraud" aimed at inflating financial results was perpetrated by former senior managers of MiniScribe, until recently one of the largest sup-pliers of disk drives to the personal computer industry, an internal report filed with the Securities and Exchange Com-

mission alleges.
A summary of the 1,500-page report, prepared by an independent evaluation committee of directors after a six-mouth investigation, was published this week. The report alleges a series of "fraudulent and ques-tionable" actions during a three-year period from 1985 to

The investigation was initiated by Mr Richard Rifenburgh, the then newly appointed chairman and chief executive officer, after several

shareholder lawsuits.
It concludes that: "It appears that MiniScribe's senior management perpetrated a massive fraud on the company, its directors, its outside auditors and the investing public."

Among the numerous allega-tions contained in the report are accounts of extraordinary efforts to disguise financial problems at the company. According to the report, senior MiniScribe officials apparently broke into locked trunks containing auditors' workpapers and changed inventory figures to inflate their value by

approximately \$1m. The report further alleges that senior managers, includ-ing Mr Q.T. Wiles, the former chairman, and Mr Gerald

Goodman, the former presi-dent, participated in the meeting at which a plan was developed to conceal from the company's auditors a later inventory shortfall.

As part of the scheme approximately \$3.66m of false inventory value was generated

by packaging bricks as finished products and shipping them to distributors during the inventory auditing process. Obsolete parts and scrap were shipped to manufacturing facilities in Singapore and Hong Kong, repackaged or relabelled as active parts and

counted as assets, the report The report is highly critical of the management style of Mr

Wiles.
Well known in the US high technology industry as a "turn-around specialist," Mr Wiles joined MiniScribe in 1985. According to the report he instituted a management system that exerted enormous pressure upon employees to "make the numbers" or to achieve pre-established quar-terly profitability goals. The management system

"provided, to those willing to engage in fraudulent activities, both the incentive and the means to do so," the report

The report makes no specific allegations against Mr Wiles personally, but says that the fraud "required the active participation of many company personnel" and was common knowledge within the com-

Olivetti to target Setback for US utility plan

By Anatole Kaletsky in New York

PUBLIC Service of New Hampshire, the US utility company which went bankrupt almost two years ago because of delays in operating the Sea-brook nuclear power station, has suffered a setback in its plans to end the bankrupicy, writes Anatole Kaletsky. The company's management presented the bankruptcy

court on Tuesday with a plan valuing the company's net assets at \$2.2bn. The plan would repay creditors, who are owed about \$1.7bn, with new securities worth 100 cents on the dollar. It would also leave substantial net asset so leave substantial net asset value for the company's equity holders. However, the plan would require the state of New Hamp-shire to approve electric rate

increases of 5.5 per cent in each of the next seven years. These rate increases were judged to be acceptable in a separate deal which state regulators reached with Northeast Utilities, a company which had proposed to take PSNH out of nkruptcy through a takeover bid. Northeast offered \$1.9hn in cash to take over all the assets and liabilities of PSNH after winning a promise of 5.5 per cent annual rate increases

from the regulators.

An element of confusion was added to the negotiations this week when another utility company, New England Elec-tric, made an alternative takeover bid which would require lower rate increases from

New England Electric said on Tuesday it would buy PSNH for \$2bn in cash and securities and impose rate increases of and impose rate increases of only 4.6 per cent a year. The state of New Hampshire, which is a party to the PSNH bank-ruptcy proceedings, said it had signed an agreement with New England Electric permitting the rate increases of 4.8 per

Although it was not clear Although it was not clear whether the earlier approval of 5.5 per cent rate increases had been withdrawn, the possibility of giving New Hampshire's electricity consumers a better deal under the New England Electric plan was likely to weigh heavily in the decisions. weigh heavily in the decisions of the state government and the bankruptcy court.

Smurfit buyout price increased

owned jointly by Smurfit and a

By Roderick Oram in New York

SHAREHOLDERS of Jefferson Smurfit Corp, the US subsidiary of the Irish packaging group, are to receive a higher buyout price under final terms of a complex financial restruct-uring first announced last

The basic series of transac-The basic series of transac-tions remains the same and will still give the Irish group a cash dividend of around \$1bn and combine its JSC and Container Corporation of America operations in one company.

The new entity will be

group of investors organised by Morgan Stanley, the Wall Street investment firm.
Smurfit and Morgan Stanley have raised the offer for JSC shares to \$41.75 a share from \$38 first proposed after negotia-tions with a committee of

JSC's outside directors.
Following the committee's recommendation JSC has signed a definitive merger agreement.

The offer will be made by the aged Equity Fund II, L.P. The two partners will contribute \$200m equity each to help fund buyout.

ings, which is jointly owned by Smurfit International B.V., a subsidiary of the Irish group, and the Morgan Stanley Lever-

The rest of the money will come from \$2.9hn of borrowings consisting of \$2.1bn of loans from a syndicate of banks led by Bankers Trust and some \$750m from the sale The offer will be made by the buyout vehicle, SIBV/MS Hold-Morgan Stanley.

Notices to Holders of

63/8 Convertible Subordinated Debentures due 2002 (the "Debentures")

> **Emhart Corporation** (the "Debenture Holders")

Section 1211 of the Indenture dated as of July 15, 1987 (the "Indenture"), between Emhart Corporation (the "Company") and Citibank, N.A. ("Citibank") requires that in case of any merger to which the Company is a party, the corporation resulting from such merger shall execute and deliver to the Trustee a supplemental indenture providing that the Holder of each Debenture then outstanding shall have the right thereafter, during the period such Debenture shall be convertible as specified in Section 1201 of the Indenture, to convert such Debenture only into the kind and amount of securities, cash and other property receivable upon such merger by a holder of the number of shares of Common Stock of the Company (the "Common Stock") into which such Debenture might have been converted immediately prior to such merger, assuming such holder of Common Stock failed to exercise his rights of election, if any, as to the kind or amount of securities, cash and other property

his rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such merger. Accordingly, you are hereby notified as follows:

The Agreement and Plan of Merger, as amended, among The Black & Decker Corporation ("Black & Decker"), B&D Inc., an indirect wholly owned subsidiary of Black & Decker, and the Company was approved by the stockholders of the Company on July 13, 1989, and the merger of B&D Inc. with and into the Company became-effective on July 18, 1989 (the "Merger"). Pursuant to Section 1211 of the Indenture, the Company has supplemented the Indenture with a First Supplemental Indenture dined as of July 18, 1989, between the Company and Citibert (the "Supplemental Indenture"). The Supplemental Indenture of the Supplement Company and Ciribank (the "Supplemental Indenture"). The Supplemental Indenture provides that subsequent to the effective time of the Merger, Debenture Holders shall be entitled to convert their Debentures, or any portion of the principal amount thereof which is \$1,000 or any integral multiple of \$1,000, into \$40.00 in cash for each \$26.50 of principal amount of such Debentures.

Dated: September 5, 1989

Embart Corporation

Section 1206(c) of the Indenture dated as of July 15, 1987 (the "Indenture"), between Emhart Corporation (the "Company") and Citibank, N.A. requires that in case of any merger to which the Company is a party and for which approval of any stockholders is required, the Company shall notify all Debenture Holders of the date on which such merger is expected to become effective and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such merger. Accordingly, you are hereby

notified as follows:

The Board of Directors of the Company anticipates that it will merge the Company with and into Emhart Industries, Inc. ("EII"), a wholly owned subsidiary of the Company. The merger is expected to become effective on or about September 24, 1989. It is anticipated that upon the merger, each outstanding share of Common Stock of the Company (all of which are beneficially owned by The Bisck & Decker Corporation) will be converted into and exchangeable for one share of Common Stock of EII. Pursuant to the terms of the First Supplemental Indenture dated as of July 18, 1989, Debenture Holders are emitted to convert their Debentures, or any portion of the principal amount thereof which is \$1,000 or any integral multiple of \$1,000, into \$40.00 in cash for each \$26.50 of principal amount of Debentures. The merger of the Company into EII will not affect such conversion rights of Debenture Holders or the amount of cash receivable upon such conversion.

Dated: September 5, 1989

Emhart Corporation

NOTICE TO HOLDERS

NOTICE IS HERIEBY GIVEN that, with effect from 1st February, 1990, The Royal Bank of Canada AG, Frankfurt/ Main, will resign as Sub-Paying Agent on the following issues:

AMCA International Corporation US\$ 50,000,000 Guarantsed Retractable Debentures

Amatil Finance Pty. Limited Aus\$ 40,000,000.14%% Guaranteed Notes due 1990 Heron leternational Finance B.V. Issue of up to US\$ 150,000,000 Guaranteed Ficating Rate Notes 1993

IC Industries Fluzace Corporation M.V. (Now Whitman Finance Corporation M.V.) US\$ 75,000,000 Retractable Guaranteed Notes Lablaw Companies Limited
Can't 75,000,000 10% Retractable Debentures due 2001

Can\$ 35,000,000 121/2% Debentures due 1990 Can\$ 50,000,000 11% Debentures due 1990 " Communació Urbaice de Mestréal Can\$ 75,000,000 101/4% Bonds due 1996 US\$ 75,000,000 12% Notes due 1990 Northern Telecom International Flatace B.V. US\$ 50,000,000 10% Debentures due 1990

Morthern Talecom Limited £60,000,000 934% Notes due 1992 Ossierreichische Postsparkassa US\$ 75,000,000 10% Notes due 1990

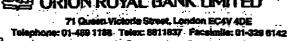
The Regional Municipality of Ottows-Carleton Carls 30,000,000 12½% Debentures due 1994 Public Power Corporation ECU 180,000,000 Floating Rate Notes due 1997 Rio Tinte-Zipe Flannce B.V. US\$ 100,000,000 11%% Guaranteed Bonds due 1993 The Royal Bank of Canada £40,000,000 1074% Deposit Notes due 1991 Respect international Finance E.V. US\$ 75,000,000 11½% Guaranteed Bonds due 1993 Province of Saskatchewan CanS 250,000,000 1014% Notes due 1993 Seneov Acc. US\$ 75,000,000 1256% Debentures Series B due 1991 TCPL Resources Ltd. Cans 75,000,000 1234% Notes due 1994 TransAita Littities Comoration Cans 100,000,000 First Mortgage Bonds 131/4% Series Victoriae Public Authorities Finance Agency Aus\$ 50,000,000 1414% Guaranteed Notes due 1991 The City of Winnipep Can\$ 75,000,000 1014% Bonds due 1993, Series VG Xerox Credit Corporation

US\$ 200.000,000 936% Notes due 1990

Presentations of Coupons, Bonds, Notes, Debentures and Warrants can be made at the offices of the other paying agents named on the respective Coupon, Bond, Note, Debenture or Warrant, or to the Principal Paying



71 Queen Victorie Street, London EC4V 4DE



INTERNATIONAL CAPITAL MARKETS

Mitsubishi Bank ADRs to be listed in New York

CETEMBER WH

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Trust Bay

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MITSURISHI Bank, the leading Japanese commercial bank, is to become the first Japanese to become the first Japanese company in seven years to have its shares listed on the New York Stock Exchange.

Mitsubishi will be only the ninth Japanese company listed on the Big Board. The first was Sony, the electronics group, in the early 1960s, and the most recent TDK, the tape maintifacturer.

terly instead of half-yearly. The pre-listing paperwork has also been judged to be too much of a burden. Mitsubishi estimated that its listing would cost \$2m.

Mr Reese Harasawa, a manager in the company had decided to go ahead with a listing in order to improve its rele-

Mitsubishi will be the first financial group to be listed, although others are expected to follow in the next year or so, including Sumitomo Bank, the second largest bank, and Nomura Securities, the biggest securities company.

Anguese companies bayes

Japanese company.

Japanese companies have bauked at seeking a NYSE listing because the reporting rules require a company to disclose much more information. than the rules on the Tokyo Stock Exchange or in London. In particular, many groups

object to the cost of having to file their financial results quar-terly instead of half-yearly.

ager in the corporate planning division, said the company had decided to go ahead with a list-ling in order to improve its rela-tions with foreign investors. Foreign investors accounted for only 1.5 per cent of its shareholders, but this was a big increase on 0.3 per cent three years ago, when the com-pany began an investor rela-tions campaign.

He said the figures under-

stated the importance of overseas investors since only about 10 per cent of the stock was freely traded on the market. The rest was held by long-term Japanese shareholders. Foreigness bought 40m out of the

110m shares the company had issued on the market in the last three years.

Mitsubishi stock is to start

trading in New York on Sep-tember 19 in the form of American depository receipts (ADRs). One ADR will equal one Mitsubishi Bank share.

 Coastal Corporation, the US natural gas transporter and producer, is expected to submit an application to issue shares in the Tokyo domestic stock market, AP-DJ reports. This Finance Ministry said if

the application were approved.

Coastal would become the first foreign concern to issue shares in Japan under a recent rule change permitting foreign com-panies to issue shares in Japan though not listed on the Tokyo Stock Exchange.

Coastal, is planning to issue 2m shares in Tokyo as part of an international involving 8m

Japan in Brady plan bond issue

THE JAPANESE Ministry of Finance is willing to make an unprecedented issue of zerocoupon 30-year Japanese Gov-ernment bonds in support of an international debt-refinancing plan for

The proposal would help reduce Japanese banks' resis-tance to participating in the refinancing plan, which involves banks writing down the value of much of their Mex-

Japanese banks are the sec-ond largest group of lenders to Mexico after their American counterparts and account for about \$10bn of Mexico's official

\$53bn long and medium-term bank debt. Under the plan, banks can choose to swap their loans into bonds either at a 35 per cent discount to face value or carrying a fixed 6.25 per cent interest rate.

These bonds will be issued by the Mexican Government. But to make them attractive to the participating banks they will be backed by zero-coupon bonds issued as collateral by the monetary authorities in the US and elsewhere.

Since most bank lending is in dollars, it is thought that many banks will want their collateral bonds to be issued in dollars by the US Treasury.

But some Japanese banks would prefer their collateral in yen - so they have pressed the Bank of Japan to issue yen

The bonds would be the first 30 year instruments issued by the Japanese Government its maximum maturity now is

They would also be the first zero-coupon bonds. But comparisons with existing instruments are artificial since the bonds designed for supporting the debt plan would frozen in an escrow account and only traded if Mexico defaulted on the bonds it

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is	an adequate secondary market
US DOLLAR Charge on	Closing prices on September 1
B.F.C.E. 94, 95	Canada 6 4 91 80 100 3 101 4 0 0 5.3
Canadias Pac 103, 93	Eirofina 5 1995
C.C.C.E.94.95. 300 10075 10074 1014 1015 8.72 C.C.C.C.94.93 150 1011 1024 0 1044 6.61 Death National St. 93. 200 1855 1994 1014 1015 8.40	reland 5½ 93
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Gen. Mrs. Dopt. 91, 92 200 1004 1001 0 0 8.94 Blat Creft Corp. 912 250 1004 1004 0 404 0.65 IBM Creft Corp. 912 250 1004 1014 104 404 8.42	Credit Foncier 9 96 Ecc
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1000 103 1031; +81; +01; 8.78 125 94; 99 1000 1041; -1051; +01; +81; -83?	E.J.S. 9 99 Ecz
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Metaspaik Takyo 91 93 200 1011 1621 0 404 8.75 Mippou Tel & Tel. 49, 98 250 103 1631 6 404 8.75	Fed. Bes. Dv. Bk. 194, 92 CS
Horway 81, 93 500 1981, 1081, 1081, 161, 18.55 Portugal 81, 91 981, 0 8 9.47	Ford Cr.Can.104 93 CS 100 1993 1004 0 -04 10.66 Ford Cred.Cas.103 96CS 125 1015 1024 0 -04 10.46
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World Bask 792 300 - 1965 965 0 - 1605 8.60 World Bask 997 300 1015 1025 1025 1025 8.72 World Bask 993 300 2005 2015 1025 1046 8.62	New Zeniand 91, 93 £
World Bank 91, 98. 300 1021, 1031, 0 481, 8.77 World Bank 91, 99. 500 105 1051, 0 481, 8.79	Royal Bk.Scot.10% 98 5
World Bank 94, 96	Saskatchewen 10 ³ + 93 CS
DESTYSCHE MARK Change on STRAIGHTS Issued Bid Offer day week Yield	Sweden 15 94 AS
Asian Dev. BK. 6 94	World Bank 13½ 92 AS
Bank of Tokyo 51, 93	Zestrspk. 134, 93 AS
Credit Foncier 64, 99	NOTES Spread 864 Offer Cutte Curps Alliance & Leic. Bid 94 5
EI.B.61299	Bank of Greece 99 US
Enro, Coal & Steel 5 % 97	Credit Foncier 98 US
Elec De France 51, 97	EEC 3 92 DM
Japan Dev. Bk. 5½ 95	Leeds Perm. 8/S. 94 £
I.A.D.B. 7%, 99 300 99%, 20012 - 0%, -0% 7.23 ireland 6½ 97 300 95 95%, -0%, -0% 7.32 ireland 6½ 97 500 99%, 99%, -0%, -0%, -0%, -0%, -0%, -0%, -0%, -0	Milk Mit. Brd. 5 93 £ 0 6 99.99 100.04 29/09 14.31 New Zustand 5 97 £ 00 100.08 100.18 18/11 13.19 Northern Rock 92 £ 00 99.94 100.00 20/01 5\text{1.5} State Bk. New. 98 US 288 100.18 100.28 11/02 8.61
Fritand 71, 99	New Zasland 5 97 £
I.A.D. B. 7%, 99	
Portugal 51, 92	CONTROL CONTRO
Royal Insurance 5½ 92	
N.H.L. Finance 5's 95	Primerica 5½ 02 US
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DSM issue aimed at the small investor

By Laura Raun in Amsterdam

THE SECOND tranche of around 12m shares in DSM, the state-owned Dutch chemicals company, will be pitched towards private investors when issued later this month. It was announced yesterday

that retail investors will receive preferential treatment on allocation. The Government has

insisted on courting the small investor in spite of DSM's objections that many individuals rapidly sold out when DSM floated its first tranche of shares in January under the first stage of the privatisation schedule.

schedile.

The sale of another one-third of DSM's shares could raise around Fi 1.4bn, making it the largest equity offer in Dutch history. The final 33 per cent of DSM will remain in government hands for the time being.

Mr T.A. Meys of Amsterdem Rank global

dam-Rotterdam Bank, global dam-Rotterdam Bank, global co-ordinator of the offer, would explain how preferential allocation would work. In the initial privatisation of 12m shares private investors received a minimum number of shares depending on how many they subscribed for.

Only about 15 per cent of DSM's shareholders are private investors. The Govern-

vate investors. The Government would like to both widen this ratio and keep more

Institutional investors account for about 85 per cent of DSM shareholders and foreign investors account for around 60 per cent. The issue price for the second tranche will be anounced on September 26. DSM closed at F1 1.28 down 20 cents yesterday.

• OeMV, Austria's state-owned oil and petrochemical group will offer to the public a further 10 per cent of its capi-tal. The issue will reduce the state shareholding to 75 per cent, writes Judy Dempsey in Vienna.

Bankers expect the issue price, to be announced on Sep-tember 27, will be "somewhere around Sch8,000." Subscriptions will remain open until September 29.

OeMV's first tranche took place in November 1987, soon after the October crash, when the originally planned 25 per cent was cut to 15 per cent.

Tiffe considers night session to raise liquidity

THE TOKYO International Financial Futures Exchange (Tiffe) is considering a night session to help improve liquidity, Reuter reports.

Mr Kazuo Fuse, a senior exchange manager, told a financial futures seminar in Tokyo that Tiffe's yen-dollar contract, which has suffered from poor liquidity since Tiffe from poor liquidity since Tiffe opened on June 30, may be redesigned. If there were strong enough demand, the contract price could be expressed in dollar terms rather than in yen as now.

Mr Fuse said Tiffe was also considering options on its

considering options on its three-month Euroyen deposit rate contract, but the timing has not yet been decided. He told the conference mutual offset arrangements with other exchanges look

quite difficult now due to legal and system-related problems. • Foreign exchange trading volume in the US has increased to an average of \$128.9bn a day from \$58.5bn three years ago, the Federal

Reserve said.

The estimate, which eliminates double-counting of trades, is based on a survey undertaken last April. The Fed said average turnover has risen at a 30 per cent com-pound annual rate since 1983.

US thrifts' junk bond holdings fall to \$13.25bn

US THRIFT institutions' holdings of junk bonds fell to \$13.25bn during the second quarter of 1989 from \$14.36bn in the opening three months of

the year, Reuters reports.

According to Bauer Financial, whose findings are based on surveys combined with data released by Federal regulators, "no major effort has been made by thrifts to divest their portfolios of junk

Under the new thrift indus-try reform law, savings and loans must divest all junk bond holdings within five years. "It's amazing that no significant effort has been made by thrifts to reduce junk bond holdings," Bauer Finan-

cial said. Of the 184 thrifts holding junk bonds at end March, 1989, the study found that



BANCO BILBAO VIZCAYA

has had its short term rating upgraded to

A-1+

by

Standard and Poor's Corporation

Goldman Sachs International Limited

acted as financial advisor to the Bank during the Rating Process.



July 1989

NOTICE TO HOLDERS

BREMER LANDESBANK CAPITAL MARKETS PLC Aus\$50,000,000 141/4% Notes due 1990 Aus\$30,000,000 12%% Notes due 1991

NOTICE IS HEREBY GIVEN that The Royal Bank of Canada AG will, with effect from 1st November, 1989, resign as Sub-Paying Agent for the above mentioned issues.

All holders of both Coupons and Notes of the above mentioned issues should note that the new Sub-Paying Agent in The Federal Republic of Germany will, with effect from 1st November, 1989, be:

Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale-Domshof 26, D-2800 Bremen 1

This Notice is issued by: 餐館 THE ROYAL BANK OF CANADA ORION ROYAL BANK LIMITED

as Principal Paying Agent 71 Queen Victoria Street, London EC4V 4DE

NOTICE TO HOLDERS

LB RHEINLAND-PFALZ FINANCE B.V. Can\$50,000,000 95/4% Notes due 1991 Aus\$40,000,000 14% Notes due 1991 Aus\$75,000,000 Zero Coupon Notes due 1992 NOTICE IS HEREBY GIVEN that The Royal Bank of Canada AG will,

with effect from 1st November, 1989, resign as Sub-Paying Agent for the above mentioned issues. All holders of both Coupons and Notes of the above mentioned iss

should note that the new Sub-Paying Agent in The Federal Republic of Germany will, with effect from 1st November, 1989, be: Landesbank Rheinland-Pfalz -Girozentrale-

Grosse Bleiche 54-56, D-6500 Mainz 1 Federal Republic of West Germany



as Principal Paying Agent 71 Queen Victoria Street, London EC4V 4DE

14th September, 1989

NOTICE TO HOLDERS

ONTARIO HYDRO

Can\$500,000,000 10%% Notes due 1999

NOTICE IS HEREBY GIVEN that The Royal Bank of Canada AG will, with effect from 1st November, 1989, resign as Sub-Paying Agent for the above mentioned issue.

All holders of both Coupons and Notes of the above mentioned issue should note that the new Sub-Paying Agent in The Federal Republic of Germany will be:

Deutsche Bank AG Taunusanlage 12, D-6000 Frankfurt/Main with effect from 1st November, 1989.

This Notice is issued by:

THE ROYAL BANK OF CANADA
as Principal Paying Agent



NOTICE TO HOLDERS **GENERAL MOTORS ACCEPTANCE CORPORATION**

OF CANADA, LIMITED
Can\$150,000,000 9%% Notes due 5th May, 1993

NOTICE IS HEREBY GIVEN that The Royal Bank of Canada AG will, with effect from 1st November, 1989, resign as Sub-Paying Agent for

All holders of both Coupons and Notes of the above mentioned Issues should note that the new Sub-PayIng Agent in The Federal Republic of Deutsche Bank AG Taunusanlage 12, D-6000 Frankfurt/Main

with effect from 1st November, 1989.

This Notice is issued by:

NOTICE TO HOLDERS

CRA

ORION ROYAL BANK LIMITED as Principal Paying Agent on Victoria Street, London EC4V 4DE



U.S.\$50,000,000 Floating Rate Notes Due 1996

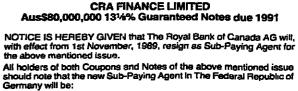
in accordance with the provisions of the Floating Rate Note, notice is hereby given as follows:

Interest Period : September 13, 1989 to March 13, 1990 (181 days) Rate of Interest: 91/4 % per annum

Coupon Amount : US\$ 4,619.27 per denomination (US\$100,000.00)



LTCB Asia Limited



Deutsche Bank AG Taunusanlage 12, D-6000 Frankfurt/Main

with effect from 1st November, 1989. This Notice is issued by:





ORION ROYAL BANK LIMITED as Principal Paying Agent en Victoria Street, London EC4V 4DE

14th September, 1989

U.S.\$100,000,000 Guaranteed Floating Rate Notes due 1994 Citicorp Overseas Finance Corporation N.V. and with Emited liability in the Netherlands Amilian Unconditionally guaranteed by

CITICORP
Notice is hereby given that the Rate of Interest has been fixed at 9.1875% and that the interest payable on the relevant Interest Payment Date, December 14, 1989, against Coupon No. 43 in

September 14, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

respect of US\$1,000 nominal of the Notes will be US\$23.22.

PNC Financial Corp U.S. \$100,000,000 Floating Rate Subordinated Notes Due 1997

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 14th September, 1989 to 14th December, 1989 has been fixed at 9% per annum. Interest payable on 14th December, 1989 will be U.S. \$227.50 per U.S. \$10,000 Note.

Agent
Morgan Guaranty Trust Company of New York London Branch

only 28 had reduced their holdings to zero.



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£40,000,000 Secured Deep Discount Loan Facility

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Manufacturers Hanover Limited

The United Bank of Kuwait PLC

London Italian Bank Limited S.F.E. Bank Limited

These Bonds having been sold,

U.S. \$140,000,000



Osaka Prefecture

8½ per cent. Guaranteed Bonds due 1994

Japan

Issue Price 101.70 per cent.

Bank of Tokyo Capital Markets Group

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NEW ISSUE

AUGUST 1989

U.S. \$200,000,000



MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Notes Due 2000

Interest Rate

9% per annum Interest Period

14th September 1989

Interest Amount per

14th December 1989

U.S. \$50,000 Note due 14th December 1989

U.S. \$1,137.50

Credit Suisse First Boston Limited Agent Bank

Yen 5,000,000,000

Floating Rate Nikkei Stock rerage Deposit Notes due 1992

The Nippon Credit Bank, Ltd., Tokyo Agent Bank

CITY OF VIENNA US\$70.000.000 Floating Rate Secured Notes Due 1992 For the 3 months period 12th September, 1989 to 12th December, 1989 the Notes bear the interest rate at 0.04258/

9.0625% per annum. US\$229.08 will be payable from 12th December 1989 per US\$10,000 principal amount of

Yomoichi International (Europe) Limited, Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

HKSE prepares to delist Paladin

By John Elliott in Hong Kong

KONG'S stock HONG exchange authorities last night threatened to censure Schroders Asia, the UK-owned merchant bank, and to delist the shares of Paladin, a Hong Kong based property and investment company registered in Ber-muda. This is because it believes that minority share-holders' interests are being

Last month Paladin rejected Stock Exchange advice and forced through a reverse take-over of New Zealand Equities (NZE), a company which held a 38.7 per cent stake in Paladin.

By Terry Hall in Wellington

New Zealand's largest com-pany, is signalling another

year of strong international growth after announcing yes-terday a 23 per cent rise in net: earnings to NZ\$653.4m (US\$384.4m) for the year to

The company is making a

one-for-seven rights issue which will raise NZ\$480m. Mr Hugh Fletcher, managing director, would only say that

the money could go to repay debt, although he added that Fletcher Challenge had a good track record for buying assets

at attractive prices.

Mr Fletcher said the group

was keen to spend up to NZ\$500m to buy New Zealand

state forests this year. The

FLETCHER CHALLENGE,

The issue at stake now is whether Paladin insists on using these New Zealand shares, which have been diluted but are still significant, to vote its directors back into office at an adjourned annual meeting to be held soon.

Schroders Asia, which is Paladin's financial adviser, is believed to be pressing Paladin urgently to issue a statement saying that this NZE stake will not be voted at the meeting. Rival board nominees put up by a new company called Lai See, which represents minority

shareholders and is being

expansion in the energy sector.

and in building supplies and home construction. This might

be in Australia where Fletcher

has shares in Jennings Indus-tries; a house builder, and CSR, the building supplies group. Annual sales rose 25 per cent to NZ\$11.5bn. Operating earn-

ings rose 38 per cent to NZ\$1.5bn.

came through the purchase of Petrocorp in March last year,

since when it had earned

NZ\$188m for the group.

Mr Fletcher said the results were also helped by an outstanding year in forest products. The group earned NZ\$232m - a 75 per cent increase - from market kraft

pulp. Sales of paper products from mills in six countries

Diversification into energy

advised by Anglo Chinese Investment, will be standing against the Paladin candidates. Paladin's forced-through takeover of NZE led to an alternative bid put forward by Lai See

markets crash.

The new Securities and

rose 53 per cent to NZ\$181m.

The group expects prices for kraft pulp to hold while those

for newsprint and US lumber should firm.

New Zealand agricultural interests, which have been extensively restructured,

showed a sharp turnround in profits. Coupled with a rise in earnings from fishing, this division showed a profit of NZ\$9.9m compared with a loss

of NZ\$55m. Mr Fletcher said the outlook

for this sector was extremely encouraging. However, the domestic recession saw profits from its building division fall

to NZ\$67.3m from NZ\$118.5m.

Assets increased 22 per cent to NZ\$14.1bn, and NZ\$2bn was

spent on capital projects

The company's substantial

being ignored.

Paladin's moves raise issues about the ability of Hong Kong companies to act to favour controlling shareholders at the expense of minorities. The case is also seen as a test of tougher official regulatory powers introduced after the 1967 world

Futures Commission is

believed to be pushing for a tough line to be taken against Paladin. A stock exchange statement last night said its listing division had no alternative but to recommend to its listing committee that "the shares of Paladin remain suspended indefinitely" and that Paladin rehish is also

that Paladin, which is also listed in New Zealand, be "delisted from the exchange." The exchange would also make further recommenda-tions "as it thought appropri-ate" for the further censure of Paladin directors and of their

in Canada, Chile and at home.

Mr Fletcher said the group expected earnings from Rural Bank, it's latest acquisition, to fall this year, although it fore-

sees a good result. In the year to March Rural Bank earned

Internationally, the building industry – the group is active on the Pacific West Coast, Hawati and Asia – should remain buoyant, but commercial construction in New Zealand is expected to stay static.

land is expected to stay static. Building activity in Australia is likely to be dampened by

Expansion of the New Zea-

land economy should see a lift

in earnings from building materials and there would be

growth in the agriculture and

energy sectors, he forecast.

erate new fixed capital and is to be absorbed by Bankorp, its controlling shareholder.
In a year of strong growth,
Trust Bank raised total assets
by 53.4 per cent to R18.1bn Fletcher in rights issue after strong year

(\$6.4bn).

Advances rose to R13.8bn from R8.6bn, largely because of increased demand for consumer credit.

Majority

holder to

buy all of

By Jim Jones

in Johannesburg

Trust Bank

TRUST BANK, the fifth largest

South African bank, lifted its disclosed profits and assets in the year to June, but has outstripped its own ability to generate many and assets in the pear to June.

However, disclosed profit nowever, aiscissed profit retentions were only sufficient to raise the capital base by 17 per cent to R388m, which, in turn, threatened to restrict the bank's future asset and loans constitution.

growth. Trust Bank takes advantage of banking secrecy laws which permit banks to report profits only after tax and transfers to from the previous year's R57.7m, net earnings increased to 50 cents a share from 43.4 cents and the dividend has been raised slightly

to 12.5 cents from 12 cents. Bankorp, which controls the Senbank merchant bank and the Santambank hire purchase bank, proposes to raise R340m through a rights issue in early

It is offering to sequire the holdings of Trust Bank's minority shareholders for R2 cash per share or 50 new Bankorp shares for every 100 in Trust Bank.
The rights Issue will allow

Bankorp to increase Trust Bank's capital by R200m and bolster its own reserves.
Mr Chris van Wyk, the chairman, has promised greater disclosure in the

annual report.

During the past year Ban-korp increased its disclosed after-tax profit to R131.6m from R112.1m and net earnings to 125.8 cents a share from 108.6 cents.

Arnotts boosts net profits

By Our Financial Staff

ARNOTTS, the Australian biscuit maker, showed a rise of nearly a fifth in net earnings to A\$45.4m (US\$34.9m) in the year to June, up from A\$37.9m. However, on a pre-tax basis profits were lower.

The company pointed to higher sales revenue, at A\$770.6m against A\$697.7m, as the main reason for the net profit rise. Poorly performing sectors had been closed or sold, it added.

per U.S. \$500,000.

P.O. Box 1108, Luxembourg.

Dated: 1-1th September: 1989

But profits before tax were given as A\$75.9m against A\$78.4m, in part reflecting higher charges for interest -at A\$10.2m compared with A\$3.7m — and for depreciation — A\$25.2m against A\$22.7m. The taxation charge was down

at A\$28.3m from A\$37.3m.
Arnotts has lifted the dividend for the year with a final payment of 10.5 cents a share, up from 8 cents, making a total of 21 cents against 17 cents.

NOTICE OF REDEMPTION To the Holders of

CASSA DI RISPARMIO

U.S. \$50,000,000 Floating Rate Certificates of Deposit due 1991

U.S. \$50.000,000 Floating Rate Certificates of Deposit due 1991

pursuant to the provisions of the Terms and Conditions relating to

Agreement dated 21st April, 1986 the Issuer has elected to and will

CDs then outstanding at a redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

For the interest period from (and including) 26th April, 1989 to (but excluding) 26th October, 1989 the CDs will carry an interest rate of

10.3125% per annum with an interest amount of U.S. \$26,210.94

accrued interest to the Redemption Date will be made on and after

26th October, 1989 upon presentation and surrender of the CDs.

Such payments will be made in U.S. dollars, subject to applicable

27 Leadenhall Street, London EC3A 1AA or (b) at the Luxembourg

office of Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal,

INTEREST ON THE NOTES WILL CEASE TO ACCRUE ON AND AFTER 26TH OCTOBER, 1989.

To Holders of the tible Subordinated Debe

Reading & Bates Energy Corporation, N. V. guaranteed by Reading & Bates Corporation.

YOU ARE HEREBY NOTIFIED that, effective

August 31, 1989, the price of the common shares of Reading & Bares Corporation into which the 8% Debentures can be converted is \$180 per share, after giving effect to a one-for-five reverse stock split. Also, holders of the 8% Debenture

should contact the paying agent for the 8% De-bentures, Morgan Guaranty Trust Company of New York, at its corporate trust office in New York and its main offices in Brussels, Frankfurt am Main, London and Paris and the main office

of Kredeithank S.A. Luxembourgeoise in Luxembourg with respect to payment of the installments of interest which became due on December 1,

1987 and December 1, 1988 upon surrender of

Reading & Bates Energy Corporation, N.V.

the coupons therefor. Reading & Bates Corporation

September 14, 1989

CASSA DI RISPARMIO DI TORINO

By: The First National Bank of Chicago London Office

as Issue and Paying Agent

laws and regulations, either (a) at The First National Bank

of Chicago in London, at The First Chicago Clearing Centre,

Payment of the principal amount of each of the CDs plus

redeem on 26th October. 1989 (the "Redemption Date") ail of the

(the "CDs") of Cassa Di Risparmio Di Torino (the "Bank") that

the Notes and the provisions of the Issuing and Paying Agency

NOTICE IS HEREBY GIVEN to the holders of the outstanding

SA Brewing jumps 87%

By Our Financial Staff

SA BREWING Holdings, the Adelaide-based beer and wine producer and packaging group, lifted annual net profits 87 per cent to an equity-accounted A\$71.5m (US\$55m) from A\$38.2m on sales which nearly doubled to A\$1.54bn from A\$774m.

The company has spent the past two years working to transform itself from its regional brewing roots in South Australia to become a

diversified manufacturer, adding an appliance division through the A\$438m acquisi-tion of Rheem Australia. This purchase largely explained the jump in reve-

SA Brewing said it was confident of further growth in profitability, with Mr Ross Wilson, managing director, adding that it was well placed to face any unfavourable economic

do you know what is really happening?

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European Energy Report is the essential publication to keep you updated on the energy scene throughout Europe. It monitors news and developments in all energy industries - oil, gas, coal, nuclear, electricity and renewables. It deals with upstream, production, infrastructure as well as national and international policy.

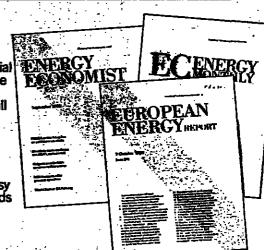
Published every two weeks, it is an easy reference to all major events and trends and enables you to determine where your company should be in relation to other major energy users.

European Energy Report contains a profile of country energy sectors, giving you a broad perspective of what's happening in each country. A comprehensive index is also issued each

Free with European Energy Report during 1989, EC Energy Monthly, a 12 page supplement providing news and information on energy developments connected to the European Community.

Energy Economist looks at energy worldwide and charts market developments across the range of fuels. It aims to inform, stimulate, predict and when necessary warn its readership of shifting trends in demand and supply, technological change and political intrigue.

Published monthly, it contains several in-depth features, a World Status Report as well as general news round up, guiding you to major energy issues and controversies of the day.



Energy Economist is not atraid of the complexity, whether it be the legislation on UK electricity privatisation, the latest trend in oil contracts or the technology of combined cycle turbines. It always explores the implications. That's why it has an international readership in corporate planning departments of the oil majors, the boardrooms of power utilities, banks and coal traders.

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(Annual subscription European Energy Report £331 UK/£365 elsewhere). Energy Economist £263 UK/£289 elsewhere)

PHARMACEUTICALS

The Financial Times proposes to publish a Survey on the above on

7 NOVEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

DENIS CODY

on 01-873 3301 or write to him at: Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

FILMS ON FINANCE

UK COMPANY NEWS

Pru profits near £200m despite estate agency loss

A 25 per cent increase in pre-tax profits from £157.3m to £196.7m was reported by the Prudential Corporation at the half way stage, despite a near £25m loss on its newly-formed estate agency operations.

The loss of £24.7m on the

estate agency operations reflected not only the severe downturn in the housing market, but the continued investment in the development of operations, particularly the cost of computerising branches

and training staff.
The rationalisation of the operations has resulted in the number of estate agency branches being reduced by 123 to around 750 and the number of effective staff reduced by around 10 per cent Homeson around 10 per cent. However, Sir Brian Corby, Pru's chief executive, stated that the benefits of this exercise would not come through until next year. This estate agency loss was offset by a special once-off profit of £24m from the life and long-term business operation arising from the decision to

increase the shareholders' proportion of surplus to 10 per cent - the maximum allowed. This special profit boosted the growth from long-term business operations from an underlying growth rate of 19 per cent to an actual 56 per cent to £132.7m, with UK long-term pre-tax profits advancing from 255.2m to £99.1m and all overseas

Hall Eng .

nit trusts

operations, except the Republic of Ireland, also recording strong profit increases. Pru's general insurance busi-

ness produced a trading profit of £36.3m against £40.3m in the first half of last year, with trading profit from the UK dropping from £10.8m to £3.8m. Shareholders' profits rose by 21 per cent from £98m to £118.6m, with earnings per

share increasing from 5.40 to 6.40. The interim dividend is lifted by 15 per cent from 2.7p

Attention on the Prudential's Interim results have been focused on the substantial focused on the substantial losses from the estate agency operations, double those expected by the market and sent the share price down 5p to 208p. And the situation is likely to be almost as gloomy for the second half of the year. However, shareholders are being cushioned from the impact of these losses by the higher proportion of life profits being allocated to them. The underlying downward trend in its gening downward trend in its gen eral insurance operations, with underwriting losses doubling, is masked by the strong rise in investment income. Neverthe-less, this deterioration general insurance is expected to continue in the second half restraining net profit growth to around 15 per cent, a feature reflected in the price.

Total .last year

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The full Takeover Panel met yesterday to consider the request by Hoylake, the consortium which is making a £13.5bn paper bid for BAT industries, for an extension to the traditional timetable, writes Nikki Tait.

In addition to numerous advisers, Hoylake's three principal protagonists — Sir James Goldsmith, Mr Kerry Packer (pictured from right to left) and Mr Jacob Rothschild — were all present. BAT was represented by Mr Brian Garraway, its deputy chairman.

Yesterday evening, the meeting — at the County NatWest offices in Drapers Gardens — was still in session, and the Takeover Panel was suggesting that the earliest a decision might be announced was today, with Friday the stronger possibility.

Hoylake's request for an extension stems

Hoylake's request for an extension stems from its problems in securing within a conven-

from the US state insurance commissioners for a change in ownership of BAT's US insurance

Meanwhile, on the other side of town, Mr Pat Sheehy, BAT chairman, made the short trip from the tobacco-based conglomerate's offices across Victoria Street to see Mr John Redwood, Corporate Affairs Minister at the Department

of Trade and Industry.

The DTI received the recommendation from Sir Gordon Borrie, the director-general of Fair Trading, over whether the bid should be referred to the Monopolies and Mergers Commission on Tuesday, but Mr Nicholas Ridley, the Secretary of State, has yet to announce his decision. Sir James and Mr Rothschild have also asked to put their case in person, and are

price increase and this year's favourable weather, though

subsidence claims following

the long dry summer are now being submitted and could cut

into profits for the whole year.

Nevertheless, pre-tax profits should rise by a fifth over the

year with a corresponding increase in the dividend pay-

L&G advances 23% to £76m

line with market expectations, and are not held back by a significant direct estate agency

involvement. The share price

remained unchanged at 371p. Full year life profits should show at least a comparable

increase and the good new business growth in the UK will

provide a solid base for future

profitability. The substantial UK property buildings account

LEGAL & GENERAL Group reported pre-tax profits up 23 per cent from £51.7m to £76m for the first six months of 1989, writes Bric Short.

Mainstream life and pen-sions business produced an 18 per cent improvement in profits from £42.4m to £50.1m. Losses from the Netherlands life operations and the UK linked pensions business have been adequately covered by the profit growth from the longer established businesses. The general insurance operations showed a slight fall

in pre-tax profits from £25.2m to £24.8m - the rise in investment income from £17m to £18.6m just failing to cover the drop in overall underwriting profits from £8.2m to £6.2m.

Shareholders' attributable profits, including realised investment appreciation rose by almost 30 per cent from 245.1m to 258.2m, with the interim dividend being increased by 15.6 per cent from

The steady growth in life profits and the continued favourable conditions for general insurance operations in the UK are fully reflected in Legal & General's interim results in

Braithwaite disposal

Braithwaite is to sell Godiva its fire-fighting equipment sub-sidiary, for up to £16.6m cash. The sale will realise net proceeds of some £13m, after tak-ing into account cash sold with Godiva. Braithwaite will use the money to invest further in the commercial and industrial

services sector.

The division will be bought by Law 127, a company formed specially to acquire Godiva by Hale Products, a US manufacture. turer of fire pumps, Godiva's management and Mr Peter

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue." You capital increased by rights and/or acquisition issues. SUSM stock. SSUnquoted stock. 9Third market. ICarries scrip option. ITMinimum 5.50 total forecast. *For eight months. Includes special interim of 9.90. **BOARD MEETINGS**

. 3 0.68

DIVIDENDS ANNOUNCED

Oct 27

WATMOUGHS

Specialist printers of Sunday colour supplements, quality magazines, mail order catalogues and retail brochures, packaging and financial documents

CONTINUED GROWTH

Results for the six months to 30th June 1989

£4-317m £2-880m Up 50% Profit before tax Up 50% £39.789m £26-468m Group turnover 12-20p* Up 29% 15-69p Earnings per share Up 29% Interim dividend per share 2.50p *Adjusted for increased capital (1 for 4 rights issue)

Chairman and Chief Executive Mr Patrick Walker, said: "Demand continues at an encouraging level and your Directors are confident that 1989 will be another year of substantial progress for the Group."

INTERIM REPORT 1989

Shareholders' interim report available from the Secretary, Jason House, Hillam Road, Bradford, West Yorkshire BD2 1QN

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As busy as a BTR

1989	9 Interim Results	l .
Sales	\$3,505 million	Increase on 1988 + 34%
Profit pre-tax	£513 million	+ 39%
Earnings per Share (half year)	17.0p	+ 26%



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INTERNATIONAL CAPITAL MARKETS

Salomon mortgage unit raises £250m | World Bank | US banks hit at investment

By Stephen Fidler, Euromarkets Correspondent

AMID SUSPICIONS that the market in sterling mortgage paper is suffering indigestion. Salomon Brothers launched a £250m floating rate issue for its mortgage subsidiary TMC yes-

The issue, carrying the less than felicitous name of TMC PIMBS First Financing Plc No also carried the new benchmark on such issues of 18 basis points over three-month London interbank offered rates. Thanks to provisions which allow the substitution of new mortgages for those repaid for three years, the expected aver

INTERNATIONAL BONDS

age life of the issue is 7.2 years. In another attempt to impose some kind of discipline on the new issues market in Euro-bonds, Salomon said it insisted on a fixed-price reoffering by syndicate members of 99.83, and that it had turned down bids below that level. The deal did not leave the

NEW INTERNATIONAL BOND ISSUES Amount m. Coupen % Price STERLING
TMC Pimbs First Fin.No2(b)+4 27/17bp Salomon Brothers CANADIAN DOLLARS
Toyota Motor Credit Corp(a)◆ 103 101 % 1%/14 Nomura int. 13/7 San Paolo Bank SWISS FRANCS Benkan Corp *** 614 9934 **Private placement. #Floating rate notes. • Final terms. a) Non-callable. b) 18bp over 3-month Libor first 10 years. +50bp thereafter. Call from July 1994 if less than 10% of issue outstanding and after 10 years at par. Average life 7.2 years.

primary market yesterday, reflecting the slowish sales. A backdrop of uncertainty about sterling may have discouraged foreign investors, particularly the Japanese, and traders said they noticed some drying up of corporate demand for the paper.

With other recent paper still apparently undigested, the fees on the issue are slightly more than on some recent issues. However, the lead manager considered that TMC as one of the best-known mortgage issu-ers, it could justifiably demand the 18 point spread. The two other main issues of

retail oriented.

Nomura International brought a C\$150m issue for Toyota Motor Credit, under-stood to have been swapped into floating rate US dollars, possibly linked to commercial naper rates.

It carried a 10% per cent cou-pon and a 101% issue price, but there was no praecipuum -the fee the lead manager alone This meant that although

er, Istituto Bancario San the bonds were trading at a discount close to full fees of 1% Paolo di Torino, considered the Ecu sector too weak in the per cent, the issuer's co-managers were not showing a five-year area to take such a

prepares for \$1.5bn global issue

By Stephen Fidler,

THE WORLD Bank has set up a link between the US and **Eurobond** market settlement systems to prepare for the launch of its \$1.5bm global bond issue, expected next

The Bank is expected to bring the bonds either with a five, seven or 10 year matu-

It wants them to be traded freely both in the US market

- where it hopes they will be
treated as government agency treated as government agency securities - and in the Eurobond market.
The two markets will be

linked by a hridge between the US settlements system — knmown as the Fed Wire and Euroclear and Cedel, the two European clearing

The link will be achieved by using Fed Wire accounts established by JP Morgan – owner of the Euroclear system and Chase Manhattan – for Cedel. This will allow users of the Fed Wire to deal with European investors without worry-ing about credit risk the Fed Wire is a payment against delivery system, meaning there is no delivery of bonds without the funds being in

place.

The link is also meant to allow Eurobond dealers access to the repurchase market in the US, which is more highly developed than that in Europe. This should allow greater free-dom to sell the issue short in Europe, thereby enhancing its liquidity.

In the past, switching of securities has been made more costly by the loss of one day's interest if securities are moved

to Europe from New York.

The World Bank issue will have provision for the crediting of the bonds to be backdated one day, which will, among other things, allow users of the Eurobond market to avoid expensive borrowing of stock from the clearing

The World Bank has laid down fixed fees for underwriters of the issue: 32.5 basis points for a five year issue, 35 basis points for a seven year and 87.5 for a 10-year

curbs on foreign offshoots

By Richard Waters

overcrowded equities market is bard enough: doing it with one hand tied behind your back is well-nigh impos-

That, at least, is the com-plaint of US banks in Lendon, which claim to be constrained by an unneccessarily harsh US ruling known as Regula-

Chase Manhattan and most recently, Security Pacific say it is a reason for abandoning the UK securities business alto-

Regulation K is the rule administered by the US Fed-eral Reserve which prevents the overseas securities subsidiaries of US banks from taking onto their books more than \$15m worth of shares in any one company (in the US they are prevented from such activ-ity altogether).

"It's a terrible handicap. A US bank's subsidiary has a tremendous problem in competing for underwriting business because of it," says Mr Richard Huber, vice president in charge

Mr John McFarlane, managing director of Citicorp Scrim-geour Vickers, adds: Clearly, given that UK and continental-owned companies are not covered by the regulation, they

are at an advantage."

Regulation K is said by Chase to be one reason why it pulled out of equities in London earlier this year. "Clearly, it wasn't the sole reason — or, to be honest, the primary reason," says Mr

Huber. "But it was a signifi-cant factor." Security Pacific, which is considering a partial manage-ment buy-out of its securities

subsidiary, Hoare Govett, also blames Regulation K for some of its problems. Competitors are sceptical, however, suggesting that the banks are using the rule as an excuse for their own failure in the tough London market.

Apart from the \$15m limit, Regulation K restricts holdings to 20 per cent of the outstanding equity in a company.

To add complexity, no indi-

total capital or 5 per cent of the

bank's paid-up capital and reserves, whichever is

But the real investment

interest in the new regulations

will probably centre on the third category.

This applies to companies

which contributes to "eco-nomic and industrial develop-

ment" and is a clear reference to manufacturing

Banks can buy up to 10 per

cent of a manufacturer's

paid-up equity or the equiva-lent of 5 per cent of the bank's paid-up capital and

A bank's aggregate owner-

ship of these companies is lim-

ited to 25 per cent of its paid-up

capital and reserves.

The concessions form part of

a larger strategy to draw the

banking system into expanding the domestic capital

companies.

MAKING A profit in London's of trading at Chase Manhattan. vidual legal entity can own more than £2m worth of shares m any one company. This means that stakes have to be broken down and par-ceiled out to reach the \$15m

US banks do take larger positions than this in companies but in the process are gambling on their ability to seli down their holding to below \$15m in a short space of

time. The limits apply only to a bank's position at the close of each day's business, not to their positions during the day. This provides room for taking on larger underwriting commitments than \$15m in the expectation of arranging immediate sub-underwrit-

ing. So how do US banks work their way around these obsta-

They don't," is the gleeful response of the head of equities at a US securities firm which, not being a bank, is untroubled by the straight-jacket of Regu-

Paris hit as investors switch into bunds

By Katharine Campbell in London and Karen Zagor in New York

THE FRENCH market fell sharply yesterday, in a move dealers were hoping was just a technical correction.

Overseas investors were apparently selling French

COVERNMENT Bonds

bonds and buying German paper to take advantage of the low 158 basis point yield gap. It was a heavy day in the Matif pits, with some 75,000 contracts traded, and prices dropped through an important technical resistance point. The December bond future traded as low as 108.16, and later closed at 108.22, a drop of 50 pasis points on the day.

In the cash market the 8% per cent tap stock closed at 97.13 compared with 97.60 the previous day.

■ On news that a new bond futures contract may be created for the Danish market, prices initially perked up in bullet stock, although the BENCHMARK GOVERNMENT BONDS

		Coupon		Price	Chands	1100	ago	200
UK GILTS	3	13.500	9/92	106-02	-1/32	11.09	11.17	10.68
		9.750	1/98	96-29	+0.031	10.31	10.34	9,99
		9.000	10/08	96-14	-2/32	9.41	9.38	9.14
US TREA	SURY *	8.000	8/99	98-29	-8/32	8.16	8.20	8.24
		8.125	8/19	99-30	-15/32	8.13	8.14	8.23
JAPAN	No 111	4.600	8/98	95.9527	+0.145	5.28	5.24	5.11
	No 2	5.700	3/07	105.1629	+0.096	5.14	5.10	5.00
GERMAN	Υ	6.750	6/99	98.8000	-0.100	6.92	6.87	6.67
FRANCE	BTAN	8.000	7/94	96.8907	-0.167	8.80	8.69	8.50
	OAT	8.125	5/99	97.1000	-0.470	8.56	8.45	8.33
CANADA	•	9.500	10/98	99.7000	-0.150	9.55	9.50	9.33
NETHERL	ANDS	7.250	7/99	100.0400	-0.110	7.24	7.17	6.99
AUSTRAL	.IA	12.000	7/99	93.8653	-0.130	13.12	12.92	12.99

of 2006.

ers reckon.

mortgage bond, the 9 per cent

could well trade more success-

A future on the bullet series

weak tenor of overseas markets soon took the edge off the The contract would trade on

the simple average price of three bullet bonds, due 1994, 1996 and 1998. All bear a 9 per cent coupon, and total outstanding stock is around DKr40bn, compared with slightly less in the benchmark

claims in the current round. But a single large and reportedly German order at the lon-ger end squeezed the market higher, only to drift off towards the end of the day.

■ US Treasury bonds moved sharply lower after starting the day fairly positive. In late trading, the Trea-

earnings figures fuelled by stories about exorbitant wage

The other issue -

Ecu100m for Unilever - carried the usual % point praecip-

uum, which meant that at a

discount equivalent to full fees

last night - co-managers were

The issue carried a 8% per cent coupon and a price of 101.56, and a three year matu-

rity.
This was because the lead

losing money.

where the issue was trading

sury's bellwether 30-year bond was quoted { lower at 99%, yielding 8.14 per cent, after rising 🛃 point earlier in the day. At the short end, the Trea-sury's two-year issue was unchanged, with a yield of 8.16

In late afternoon the US cur-rency traded at Y146.45 and DM1.9730, down from an earlier Tokyo high of Y147.35 and Fed funds traded through

fully than the current mortthe morning at 8% per cent after opening at 81 per cent. Although the funds were below gage bond contract, some dealthe US Federal Reserve's target range of 9.9% per cent, the Fed The UK bond market opened weaker, with preoccupation about today's July average refrained from operating in the

Malaysia to allow banks to buy company shares

By Lim Siong Hoon in Kula Lumpur

MALAYSIA'S central bank, either 5 per cent of a fund's Bank Negara, is to abolish cer-tain administrative restrictions and open the way for domestic and foreign banks to purchase limited amounts of shares in local companies.

In a radical departure from past practices, the central bank has given its "blanket" approval for banks to make three types of equity invest-ment in Malaysia.

The first covers shares of trustee funds and Malaysian Airline System (MAS) and the Malaysian International Ship-ping Corporation (MISC), the two biggest local blue-

A bank can now own up to 10 per cent of trustee funds and the two companies, although total equity holdings is limited to the equivalent of 25 per cent of a bank's paid-up capital and published

reserves.
In the second category, property trusts, the equity ceiling is

mounting to 1092 contracts.
The flurry of activity surround-

36 44 53 14 52 7 20 30 40 6 11 14 6 14 25 22 25 27

70 10 145 17 1, 21 31 80 31 71 11 42 7 72

990 64 78 84 1½ 5 7 420 35 52 52 5 9 14 460 10 22 32 20 23 28

Salusing (*227)

Hong Kong to allow warrant unit trusts

HONG KONG'S securities watchdog has decided to allow unit trusts specialising in warrants to be established and sold in the colony, agencies

The move is the latest in a series of reforms issued by the Securities and Futures Com-mission (SFC) which have eased regulations on certain aspects of unit trusts but cracked down on other areas, such as immigration-linked

investments. Mr Robert Nottle, vice chairman of the commission said individual warrant funds may apply for SFC approval from November. The commission will impose a series of safe-guards on the funds.

Funds authorized for local sale are currently barred from keeping more than 10 per cent of their assets in warrants.

• Two French banks and a broker are launching the first securitised fund in France based on country debt.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	We	ednesd	ay Sept	tember	13 19	989	Tue Sep 12	Mon Sep 11	Fri Sep 8	Year ago (approx)
Fig	& SUB-SECTIONS gures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yleid% (Max.)	Gross Div. Yleid% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Index No.	Index No.	Index No.	Index No.
1 2	CAPITAL GOODS (208)		+0.5	10.87 12.75	4.12 4.56	11.28 9.79	21.20 26.97	996.54 1172.34	1602_12 1177.24	1988.82 1185.22	760.59 956.40
3	Contracting, Construction (37)	1589.06		15.26	4.68	8.55	34.30	1588.61	1596.08	1600.09	2523.50
4	Electricals (9)	2950.55	-0.5	8.44	4.82	14.75	54.31	2964.75	3086.82	3040.80	2074.85
5	Electronics (30)	2250.41	-0.9	8.66	3.25	14.90	47,99	2270.63	2287.51	2296.63	1662.59
6	Mechanical Engineering (56)	543.35	-1.3	10.01	4.11	12.23	10.94	550.38	553.18	555.35	397.49
8	Metals and Metal Forming (6)	525.29	-6.2	19.60	5.79	5.63	14.84	526.19	525.60	529.90	460.86
9	Motors (18)	360.63	+0.5	10.43	4.32	11.19	8.59	358.87	361.14	364.56	263.64
10	Other Industrial Materials (23)	J1852.24	+1.6	8.35	3,82	14.27	34.02	1823.10	1833.58	1855.89	1260.83
21		1398.65	-0.1	7.87	3.09	15.94	22.58	1391.40	1391.45	1406.16	1033.83
22	Brewers and Distillers (22)	1537.45	-0.4	8.65	3.18	14.47	25.65	1544.09	1547.24	1572.78	1066.91
25	Food Manufacturing (20)	1202.62		8.50	3.51	14.73	21.07	1203.16	1207.38	1214.27	927.55
26	Food Retailing (14)	2648.69	+0.3	7.69	2.61	17.26	38.37	2631.91	2647.14	2680.00	1846.98
27	Health and Household (14)	2676.91	-0.2	5.52	1.55	21.34	22.32	2681.52	2668.47	2694.62	
	Leisure (34)		+0.2	7.33	3.29	17.38	32.22	1826.93	1826.45	1845.77	1295.19
31	Packaging & Paper (15) Publishing & Printing (19)	612.86		9.69	4.17	12.97	10.10	612.85	618.99	614.03	492.52
32	Publishing & Printing (19)	3770.67	j –0.2	8.46	4.47	15.21	98.37	3777.55	3883.57	3836.23	3300.81
34	Stores (32) Textiles (14)	. 903.68	-6.2	9.54	4.08	13.68	17.64	985.26	901.79	911.98	749.63
35	Textiles (14)	582.45	-8.2	10.24	5.01	11.68	15.48	583,64	581.90	583.84	534.68
40	(OTHER GROUPS (93)	,1209.50] -0.1	9.66	3.98	12.57	23.23	1211.28	1211.76	1220.96	866.27
41	Agencies (17)	. 1607.19	+6.2	6.66	2.20	18.55	23.12	1604.59	1684.87	1615.26	
42	Chemicals (22)	1344.85		11.04	4.63	10.68	40.83	1344.97	1339.72		1037.01
43	Conglomerates (13)	. 1740.36	+8.4	9.81	4.69	11.99	28.35	1734.02	1725.20	1749_54	1179.73
45	Transport (13)	. 1 2431.86	-0.3	8.68	3.72	14.95	42.06	2440.05	2402.21	2421.48	1883.81
	Telephone Networks (2)		-0.9	10.49	4.26	12.42	22.38	1177.56	1188.65	1191.32	926.48
	Miscellaneous (26)		+0.2	9.07	3.32	12.45		1912.00	1926,45	1947.53	1190.11
49				9.15	3.61	13.48	23.07	1254.78	1256.76	1267.72	929.22
	0)1 & Gas (15)	2386.36	+1.7	9.34	4.85	14,19	73.67	2266.86	2263.07	2279.36	1748.26
59	500 SHARE INDEX (500)	1342.66	+0.1	9.18	3.78	13.57	27.20	1340.66	1342.20	1353.63	998.61
61					5.05		24.28	818.40	819.79	824.58	666.51
	Banks (9)		+0.1	20.71	5.99	6.35	34.80	833.06	834.57	837.73	642.64
	Insurance (Life) (8)		-12		4.89		30.47	1247.80	1243.24		999.26
	Insurance (Composite) (7)		+1.5	i - I	5.66	- 1	21.91	660.28	656.66	664.54	514.24
67	Insurance (Brokers) (7)	980.22	-0.4	7.66	6.33	17.43	31.89	984,47	985.70	989.91	914.53
	Merchant Banks (10)		+8.3		3,94		7.37	495.71	401.89	400,39	322.67
69	Property (49),	1360.34	-8.4	6.44	2.95	19.81	19.78	1365.87	1389.41	1386.66	1166.65
70	Other Financial (31)	369.62		10.81	5.94	_11.90	10.48	369.78	371.67	372.94	354.26
71	Investment Trusts (69)	12B3.05	-8.3	-	2.62		18.62	1283.99	1285.57	1288.84	892.16
81	Mining Finance (1)	735.22	-0.3	8.13		13.64	15.84	737.79	745,49	754.47	525.09
9ī	Overseas Traders (8)	1504.11	-1.4	9.26	4,95	12.33	43.67	1524.91	1516.09	1543.93	1171.02
		1215.71	+0.1	-	3.94	-	26.23	1214.44	1215.97	1225.79	914.46
			}								
		Index	Day's	Day's	Day's	Sep	Sep	Sep	Sep	Sep .	Year
_		No.	Change	High (a)	Low (b)	12	11	8	7	6	ago
	FT-SE 100 SHARE INDEX+	£ 2401.5	+3.9	2484.5	2387.2	2397.6	2400.6	2423.9	2415.9	2390.8	1765.1

	FIX	(ED 1	NTE	REST	r			AYERAGE GROSS REDEMPTION YIE	LDS	Wed Sep 13	Tue Sep 12	Year ago (approx
PRICE INDICE		Wed Sep 13	Day's change	Tue Sep 12	xd adj. today	xd adj. 1989 to date	1 2 2	Coupens 15 y	EBTS	9.70 9.31 9.23	9.71 9.32 9.23	9.97 9.62 9.32
1 5 years 2 5-15 years 3 Over 1: 4 Irredee	Government s ears 5 years emables	117.67 132.92 142.80 166.15	+0.04 -0.03 +0.14	117.66 132.87 142.84 165.91	- -	8.67 9.40 10.96 8.83	8 9 10	Medium 5 y Coupons 15 y 25 y High 5 y Coupons 15 y	62/5	10.67 9.74 9.37 10.78 9.94 9.53 9.27	10.67 9.74 9.37 10.78 9.94 9.53 9.28	7.53 10.33 9.84 9.55 10.55 10.04 9.56 9.20
Index-L 6 5 years 7 Over 5	years .	140.27 138.79 138.79	-0.05 -0.13	140.35 138.98 138.96	-	9.45 2.26 2.89 2.82	11 12 13	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10%	5yrs Over 5 yrs 5 yrs Over 5 yrs	3.09 3.52 2.33 3.36	3.07 3.51 2.30 3.35	3.3 3.9 2.3 3.7
	res தே பண் மாதியன்					6.87	15	Behs & Leans	5 years 15 years 25 years	13.08 12.01 11.39	13.05 12.05 11.41	11.5 11.5 11.1
LO Prefer	ence	89.34		89.34	-	3.92	18	Preference	1	10.19	10.19	10.6

*Opening Index 2393.9; 10 am 2387.7; 11 am 2391.0; Noon 2393.7; 1 pm 2398.0; 2 pm 2400.5; 3 pm 2401.8; 3.30 pm 2400.7; 4 pm 2400.5

(a) If lat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A list of constituents is available from the Publishers. The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by nost 34p, DEBENTURE CONSTITUENT: Govert Strategic Investment Trust 9½ % 2017. Taylor Woodrow 9½ % 2014, Hampton Trust 10½ % 2025 and Bass 10½ % 2016

RISES AND FALLS	YESTI	ERDAY	
British Funds	Rises 29 9 290 107 32 0 29 54	Falls 44 0 398 170 15 0 48	Sam 33 910 39 4 11
Totals	550	755	1.64

LONDON RECENT ISSUES

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TRADITIONAL OPTIONS

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LONDON TRADED OPTIONS

volumes in the market overall and 330 call series. Volumes in British Aerospace's disappointing results sent the stock apiralling downwards, and options trad scrambling to cover their loss before the more doubty me The cash stock was oversold.

The cash stock slumped 47p after closer inspection of interim results revealed grim prospects the FT-SE Index option, which traded 14,448 lots in total, roughly double the business of recent for the company. Meanwhile, options turnover climbed to 3997 options turnover climbed to 3997 lots, well over half of which was effected in the calls (2302). Initial open interest figures show a net rise over the day, both in puts and calls. One busy series was the February 700 calls, with 602 lots, whereas on the bearish tack, positions were being accumulated in the November 650 puts, amounting to 1092 contracts.

weeks, although an unrema leved for most of the first half Expectations that BP will reduce its gearing level by asset sales sparked a good deal of interest in the oil stock yesterday.

notably from America.

Almost all the 2773 options traded were in the calls (2740), with the purchase of a large spread between the October 300

gingerly from the doldrums, pat turnover totalled 37,840 divided between 24,859 calls	969 and 926 lots. United Siscuits' interim res.
12,981 puts.	also disappointed the mark
st of that put activity (6,173	coming in at the lower end
acts) was concentrated in	analysts' expectations. Option

related trades included closing out positions, and initial open interest figures betrayed a slight fall in outstanding positions. A total of 1100 calls and 651 puts changed hands, and 851 puts changed hands, and a spread trade between October 330 and 360 calls appeared to be unwinding a position.

The transfer of the distress Australian entrepreneur Alan Bond's 20.4 per cent stake in Lon-rho finally changed hands today at a price of 280p — occasion-ing a good deal of speculative activity in the options.

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Sep. 13 Total Contracts 37,840 Calls 24,859 Pets 12,961 FT-SE ledex Calls 6,275 Pets 8,173 Hindertons security selection

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UK COMPANY NEWS

Property profits help DRG advance to £42.7m | Candover plays down

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SUBSTANTIAL property profits meant DRG; the paper and packaging group, was able to unveil an impressive profits

advance in its results for the six months to July I.

The statement came two days after Pembridge Invest-ments, the Bermuda vehicle of US-based investor Mr Roland Franklin which has a 24.4 per cent stake, said it was contemplating a cash bid at below the then current share price of

The inclusion of £16.6m worth of property profits, not part of the comparable 1988 figure, helped the pre-tax figure rise to £42.7m, against £28.3m last time. However, restructuring costs, principally relating to the flexible packaging divi-sion, reduced profits by \$6.3m, against £400,000.

DKG conducted an internal revaluation of its properties earlier this year. Mr Moger Woolley, chief executive, has indicated property may gener-ate net profits of about £10m in each of the next five or six years. He emphasised yesterday that "these profits have to be worked at" as part of the overall strategy of the business, rather than being "avail-



Moger Woolley, chief executive — emphasised that property profits were not 'available at the turn of a switch'

able at the turn of a Operating profits were helped by a £2.4m benefit from the adoption of SSAP 24 accounting for pension costs. Without this, those from UK

operations, which edged ahead to £22.8m (£20.9m), would have been lower. Operating profits from overseas operations rose to £11.5m (£9.7m).This included a contribution of over £1m from Cel-lux, the Swiss-based manufacturer of adhesive products, chiefly for industrial uses, Commercial and personal stationery operations in the UK suffered from destocking in

the context of higher interest rates. Rigid plastics enjoyed reductions in some raw mate-rial costs, which are expected to show through in the second

Engineering, of which Mr Franklin has said he would envisage disposing, experi-enced a strong first half. Some £40m was spent during the first eight months of the

lier levels of capital expendi-ture maintained. Turnover stood at £423.5m (£388.5m). With a tax charge 31/2 percentage points lower at 24 per cent, earnings per share grew by 55 per cent to 30.2p (19.4p). The interim dividend is lifted

Obviously, these figures were helped by a number of "extras" and it is inescapable that trading profits in the UK are down. However, DRG could hardly help enjoying the pension costs benefit, and the inclusion of benefit, and the inclusion of the property profits above the line can easily be justified since they are not likely to go away for the next five years at least — by which time they will presumably make up a much smaller proportion of the total As for the trading perfortotal. As for the trading perfor mance, everyone knows the environment has been tough; lower raw material costs for some products, together with DRG's increasing exposure to some growth areas such as medical packaging, provide optimism for the future. Assuming pre-tax profits of about £75m for the full year, the shares at 583p stand at a discount to the market on a prospective p/e of about 11.5. If Mr Franklin really thinks this is the level at which they should be sold, nobody else seems to agree with

mbo investment problems

CANDOVER INVESTMENTS. Britain's only quoted management buy-out group, yesterday played down suggestions that Britain's previously burgeon-ing management buy-out industry was being threatened by the current high interest regime and publicity surround-ing the problems arising at endful of recent mbos.

Announcing results yester-day, the company said that, as far as its own experience was concerned, there had been no slowdown in mbo investment opportunities.

It acknowledged that this was partly due to its new Can-dover 1989 Fund, which was closed in this summer having raised £319m. Since then, said

dover and we have stepped up our efforts to explain more widely both to potential corpo-rate sellers and to senior managers the advantages to them

rience, an economic slowdown should produce more buy-out/

the company: "There has been a noticeable increase in pro-jects being introduced to Canof buy-outs.

The fund has already made one investment - in Kenwood, the domestic appliance manufacturer, at a cost of £54.6m. Candover added that its existing investee companies "continue in most cases to report satisfactory progress" and argued that, on past expe-

buy-in opportunities. It said that none of its investee com-

dover rose by 23.7 per cent, from 159p per share to 193p per share. This compares with an 18.9 per cent rise in the FT-All Share Index. Pre-tax profits increased from £690,000 to £924,000, and the company is increasing the interim dividend from 1.17p to 2p. Candover says that the management fees from the new

panies had required "rescue"

In the six months to end-June, net asset value of Can-

fund will give it a more stable revenue base, and that it therefore intends to reduce the differential between interim and final payouts. It expects to pay a final dividend of not less that

De Morgan in European link

By Paul Cheeseright, Property Correspondent

DE MORGAN, the quoted chartered surveyor, has become the first British prop-erty company to forge a cross-border link in the form of European Economic Interest Grouping.

It has joined with Profi of Luxembourg to offer a prop-erty consultancy service across The European Economic

PRUDENTIAL CORPORATION

FIRST HALF PROFITS

INCREASE BY 25% TO £197m.

Interest Grouping is is a corporate entity new to the Commu-

A common legal structure has been set up which permits Community businesses in different countries to establish, for example, joint marketing and development operations. The new grouping is called de Morgan Profi EEIG. The

PK Banken of Sweden and one of the first aims of the new grouping will be to offer a ser-vice to Scandinavian investors. Scandinavian investment since early 1988 has assumed considerable importance in the property markets of the main European centres. In the UK, Scandinavian investment started in London and has

Sema shows recovery as UK returns to profits

By George Graham in Paris

DUIT. SEMA GROUP, the SEMA GROUP, the Franco-British computer services house, reported first half profits of £££m, down 29 per cent from the same period of 1988, but showing a recovery from the poor second half performance in its UK and Netherlands divisions lest year lands divisions last year. Mr Pierre Bonelli, chief exec-

utive, said that Sema had maintained its good results in France and Spain, and that the UK, after last year's losses, had returned to profitability by the end of the first quarter. He said the UK should reach

more "appropriate" profit levels by the end of the

The UK division had run into trouble as costs eutran income, reflecting overly aggressive bidding for contracts, lack of central management control and the accep-tance of a number of risky

A reorganisation plan was put into place last year following the resignation of Mr Mike

Smith, then chief executive Sema's total sales rose in the first half by 2.5 per cent to £137.7m, but allowing for an accounting change which removes one major product dis-tributed by the group from the figures sales growth was 9.6

per cent. Mr Bonelli said that Sema had been especially prudent in its business development on the continent in the first half, in order to ensure that profits remained strong in those divi-sions while the UK division

was being reorganised. between growth and profitability, we chose profitability, he told financial analysts in Paris

yesterday.
As the UK division started to return to health, the continental divisions could begin to take more risks in search of growth, in a bid to win major contracts and build up their order books.

The directors declared an interim dividend of 0.8p.

Harvard Management stake in TR Technology below 5%

Harvard Management ast if any in the company Company has notified TR was.

Technology, the split level? Meanwhile, the British Coal investment trust where the Staff Superannuation Scheme Grace-Pinto concert party has has emerged with a 10.8 per a small disclosable stake, that cent holding in TR Anstralia, its interest in the ordinary which recently gained share-shares has fallen below the 5 holder approval for a change in per cent level. It previously held 6.25 per cent of the ordi-

did not what Harvard Manage which ment Company ongoing inter-plans.

investment policy. This follows the placing of a 29.9 per cent stake in the trust, belonging to TR Technology said that it River Plate and General Trust id not what Harvard Manage which at one stage opposed the



AB Electronics Product Group PLC

Preliminary Results 1988/1989

- Profit before tax \$15.2 million
- Good progress in derospace, automotive, components and telecommunication product groups Sales rising and healthy order book at year end

AB Electronic Products Group PLC Abercynon Mountain Ash Mid Glamorgan CF45 4SF Telephone: (0443) 740331 Telex: 498606 Telefax: 741676



Tokyo Pacific Holdings N.V. Tokyo Pacific Holdings (Seaboard) N.Y.

The Quarterly Report as of 30th June 1989 has been published and may be obtained from:

Pierson, Heldring & Pierson NV. Herengracht 214, 1016 BS Amsterdam

National Westminster Bank PLC Srock Office Services 3rd Floor 20 Old Broad Street

London EC2N (E) N.M. Rothschild & Sons Limited New Court, St. Swithin's Lane London EC4P 4DU

Trimkaus & Burkhardt Köningsaller 21-23 D 4000, Düsseldorf 1

Sal. Oppenheim jr. & Cie. Unter Sachsenhausen 4, D 5000, Köln 1

Banque Paribes Belgique S.A. Boulevard Emile Jocquain 162, B 1000, Browiles

Banque Paribas 3 Rue d'Anon, Paris 2

Benque Paribas (Luxembourg) S.A. 10a Boulevard Royal, Luxembourg

Merrill Lynch International & Co.

Rothschild Australia Limited Royal Exchange Building 56 Per Screet, Sydney N.S.W. 2000

INTERIM RESULTS 1989

	Half year 1989	r ended 30 Ji 1988	une Year 1988
Profit before tax from:	Lm	Lm	Lm
Insurance business			
Life, pensions and other			
long-term	132.7	85.0	200.4
General insurance	<i>36.3</i>	40.3	87. <i>4</i>
Non-insurance business			
Investment management (UK)	9.3	0.4	8.0
Unit Trusts and PEPs	0.7	(1.3)	(3.9)
Estate Agency	(24.7)	5.6	17.2
Shareholders' other income	42.4	27.3	43.5
Total trading profit before tax	196.7	157.3	352.6
Transfer to revaluation reserve	(23.9)	(15.0)	(13.0)
Tax and minority interests	(54.2)	(44.3)	(108.1)
Profit attributable to shareholders	118.6	98.0	231.5
Earnings per sbare	6.4p	5.4p	12.6p
Dividend per sbare	3.1p	2.7p	8.0p

1. Results for the half year are estimated and unaudited. 2. The half year results should not be taken as a guide to the likely results for the year as a whole.

Dividends will be paid on 30 November 1989 to shareholders on the register on 28 September 1989.

3. As stated in the last Annual Report, our intention is to increase the transfer to shareholders funds from the long term fund of the Prudential Assurance Company Limited to 10% of the declared surplus, the maximum level permitted by its Articles of Association. These figures have been produced on that basis and, as required by the Insurance Companies Act 1982, we shall be giving formal notice to that effect to the Secretary of State.

The Interim Report will be circulated to shareholders on 15 September 1989. Members of the public may obtain copies thereafter by writing to the Registrar's Department. Prudential Corporation, 1 Stephen Street, London W1P 2AP.

PRUDENTIAL CORPORATION PLC

* Earnings per share increased by 18 per cent to 6.4 pence.

* Interim dividend increased by 15 per cent to 3.1 pence.

* Strong performance of life, pensions and other long term business worldwide. Profit from this sector increased 56 per cent to £132.7 million, due to growth and the intention to increase the share of the distributed surplus going to shareholders' funds.

* General insurance results show an encouraging underlying performance, but have been affected by the decision to strengthen claims reserves particularly for reinsurance business.

* Downturn in the housing market affects the UK estate agency result.

* Shareholders' other income reflects the increased investment return achieved from equity markets.



UK COMPANY NEWS

Meggitt

criticises

By Andrew Bolger

in US

USH sale

engineering group which is waging a £115m hostile bid for United Scientific Holdings, yesterday criticised a proposed US disposal which the loss-

making arms manufacturer announced hours after Meg-

gitt's approach.
USH said on Monday that it planned to sell Optic-Elec-

planned to sell Optic-Electronic Corporation for \$65m (£42m) to Imo Industries. OEC, hased in Dallas, makes electro-optical defence systems and image intensifiers for night sights. Last year it made pre-tax profits of \$3.6m on turnover of \$69m.

Mr Ken Coates, Meggitt's managing director, said the proposal smacked of having been rushed out to answer his offer. OEC was a technological leader and its turnound represented one of USH's few managerial successes. Mr

managerial successes. Mr Coates added: "To sell it is like

cutting off your left leg to stay

Fisons' 33% rise fails to impress

FISONS, the pharmaceuticals, scientific equipment and horticultural group, yesterday announced a pre-tax profit for the first six months of 1989 of £67m, a 33 per cent increase on

The profit, which compared with £50.5m last time and included finance income of £3m, was in line with expectations but failed to impress the

City.

The shares fell 4p to 349p by mid-afternoon and closed at

348p. Mr John Kerridge, chairman and chief executive, said the company was "in damned good shape for the 1990s and predicted continued growth.

Sales for the six months,

helped by a strong contribu-tion from pharmaceuticals. were £485.3m, up 25 per cent on

last year's £386.9m.
Earnings per share rose 19
per cent to 8.9p (7.5p) and the
company boosted its interim dividend by 24 per cent to 2.35p (1.900).Pharmaceuticals profits rose

from £34.1m to £49.2m, helped by cost-cutting measures which Fisons instituted after buying the US drugs division of Pennwalt last year for

Mr Kerridge said this divi-sion had been absorbed into Fisons' US drugs group. Fisons had removed some \$25m (£16m) a year of costs from the combined businesses, mainly by reducing the labour force by



John Kerridge, chairman and chief executive, said that Fisons was in 'damned good shape for the 1990s'

asthma drug, had performed well in European countries such as France and West Germany where it has recently gone on sale, said Mr Kerridge. Likely sales of Tilade for the full year are estimated at about

Mr Kerridge also said that Intal, a respiratory product which is the company's best selling medicine, had contined its sales growth of recent

Scientific instruments produced profits of £14m (£12m) and Mr Kerridge said prospects were excellent, with several important new products on the

The one poor aspect of Fisons' recent performance, said Mr Kerridge, was the small horticulture group, which makes specialised fertilisers and plant-growth prod-ucts for domestic and professional buyers.

The division's profits fell from £3.4m to £2.6m, mainly due to a decline in prices in North America, brought about by a glut of peat on which of the products are

6 COMMENT

To judge by Mr Kerridge's comments yesterday, Fisons cer-tainly feels it has got on top of

managing the disparate parts of the company. Many com-mentators, however, have their doubts. In particular they worry about the problems of knitting together the widely scattered parts of the instruments business. There is also some concern about identifying those drugs in Fisons' development pipeline that can take up the slack from sales of the best-selling Intal – assuming the growth from this product starts to slow down in the 1990s. On the plus side, the benefits of the Pennwalt acqui-sition should start to show through in the second half. Revenues for this period should be boosted by the strong expected sales of Penn-walt products for colds and other winter ailments. And assuming Tilade gets its long-expected approval from the US regulatory authorities early next year, Fisons will have, due to the Pennwalt purchase, a much stronger US sales team to extol the drug's virtues to American doctors. The Fisons share price still carries a cer-

tain degree of bid speculation. Buying the company at its market capitalisation of some £2bn would present few prob-lems, although finding a good price by selling off different

standing." With Meggitt's shares unchanged at 113p yesterday, its all-paper offer values each USH share at 147p, and the partial cash alternative at divisions might tax the imagi-nation of break-up specialists. Assuming the company makes a profit of about £170m for the 15812 p. USH shares, which full year, the shares have a p/e of about 15, which is fair for jumped 29p to 176p on Mon-day, yesterday closed at 177p,

B Elliott buys

B Elliott, the engineering group, yesterday announced the acquisition of Addison Tool, the privately-owned manufacturer and distributor of specialist machinery and

Kleinwort falls £5m but shows recovery on 1988 second half

By David Barchard

KLEINWORT BENSON, the A\$20m. merchant banking group, has moved back into the black with pre-tax profits of £30m for the six months to end-June. MEGGITT, the specialist

Though this was down on the £35m recorded a year earlier, it represented a substan-tial recovery on the second half of last year when the group incurred a loss of

fil7.3m.

The result was slightly below City forecasts, but analysts were pleased by the strong underlying performance of the core business. However, there was some puzzlement over Kleinwort's decision to buy in 19m of its shares, when

buy in 19m of its shares, when the interim dividend is being maintained at 5.3p.

The results followed hard on Tuesday's news that Kleinwort had ended its five year venture as a primary dealer in US Government bonds by selling the remaining 74.1 per cent interest in its Chicago-based offshoot to Fuji Bank for £28.3m.

This came after the unexpec-This came after the unexpected sale on August 24 of the Australian subsidiary for

These subsidiaries incurred losses of £8m during the first half and Mr David Peake. chairman, said the bank's level of profitability was now back

on course. He said the latest figures demonstrated that there had been a strong recovery since last year when merchant banks had been staring at a

precipice.

Merchant banking activities including securities made 244.6m (245.1m).

Mr Jonathan Agnew, chief executive, said that the equities operation had contributed to the contributed of the contributed of the contributed to the contributed of the contributed to the contribu

to profits at a "Liber-type rate of return" on capital of £160m. Investment management operations, including private banking, made a profit of \$10.6m (£5.1m). Kieinwort's also performed well on the corporate finance front where it had handled 11 major contested hids.

Mr Peake said the group planned to dispose of its 50 per cent stake in Renown, a North Sea oil and gas company, but

Bid talk lifts Kwik-Fit shares

had no plans beyond that for either disposals or acquisitions

Kleinwort is using the proceeds of its disposals to pay back loan stock.

• COMMENT

Shorn of its loss-making activi-ties, Kleinwort now has a thor-oughly rehabilitated look to it and in the light of a solid performance by its main business divisions, analysts yesterday divisions, analysts yesterday were revising their year end profits forecasts from £50m to over £70m. Corporate finance may be a feast or famine business, but the pickings from Kleinwort's string of successes in the first half will continue for some months. The return to profitability of its equity operations, which seem to have made around £6m, is not particularly surprising but also ticularly surprising but also welcome. What is likely to go down less well with shareholders is Kleinwort's habit of holding its dividend steady, while beging book its corn stock at a buying back its own stock at a price well below the level of its 1987 rights issue.

Administrator to be appointed at Pavion

By Clare Pearson

AN ADMINISTRATOR is to be appointed at Pavion International, the beleaguered cosmet ics manufacturer.

Last night's announcement followed the end of a 14-day grace period accorded to Pavion after it announced at the end of last month that it was delaying interest payments on some £7m worth of 11 per cent convertible loan stock, which constitutes most of Pavion's long-term

During its four-year care er on the USM it has become one of that market's most celebrated calamity stories.

dividend has been paid since 1982, were suspended at 3p yes-

The announcement said that following discussions with The Law Debenture Trust Corporation, which acts as trustee for holders of the loan stock, Pavion's board had resolved that an administrator should be appointed to run its affairs

At the ending of the grace period, Law Debenture was entitled to declare the non-payment of interest an event of

"While Pavion's board deeply regrets the need to seek such an appointment it will

actively assist any administrators appointed by the Court in seeking a satisfactory sale of the cosmetics business and resolution of Pavion's problems," the staement continued.

Law Debenture has told Pavion that it intends to seek the appointment of joint administrators from Price Waterhouse, the accountants.
The convertible loan stock was issued in 1985 with a nomi-

nal value of £9.2m. It formed part of the financing when the company was created through a reversal by Pavion, a US cosmetics manufacturer, into Sangers, a UK photographic wholesaler.

Despite an extremely disappointing trading performance over the years, the company has been compelled under terms agreed at the time of acquisition to pay Pavion's founder, Mr Stanley Acker, substantial emoluments.

Last year's results, whi ch were delayed while the company renegotiated a £500,000 overdraft facility, showed a pre-tax loss of £5.42m, after a 6.12m exceptional charge for the adverse effects of exchange rates on the Wet'n'Wild cosmetics trade marks. At the interim stage, it lifted

pre-tax profits to £232,000

(£193,000).

Addison Tool

measuring equipment.
This addition will give Ell-

iott combined sales in this field of about £50m in an £800 market. In 1988, Addison had sales of £14.02m and achieved pre-tax profits of £962,000. Net assets at the year end were

B Elliott will pay the ven-dors £250,000 in cash and issue 7.5m 15 per cent convertible preference shares of 50p edeemable at £1 apiece. Further payments may be made depending on Addison's profit

said: "It was a small amount of

By John Thornbill

SHARES IN Kwik-Fit Holdings, the car parts specialist, yester-day jumped 21%p to 149p on rumours of a buyer bidding 139p for 4m shares outside the market. At yesterday's closing price price, Kwik-Fit was valued at £239.4m.

There was some puzzlement in the market as to the manner of the buying. One analyst shares at a high price and it was clumsily done." Several companies were

suggested as possible bidders. Kingfisher, the retail group, was one name mentioned, but the company had no comment to make on the rumours. Others were Tenneco, the diversified US industrial group; Mr

Carlo de Benedetti, the Italian industrialist; and just about every tyre manufacturer.
In the year to February 28,
Kwik-Fit increased pre-tax

profits by 15 per cent to £18.45m on sales of £157.37m. The directors hold about 9 per cent of the shares. No other stake of more than 5 per

cent has yet been disclosed.

Lilley buys more of Tilbury

THE £137m offer by Lilley for fellow construction group Til-bury moved into its final stages yesterday as the bidder announced that it had acquired a further 70,000 shares.

This, it claimed, gave it control of 6.25m shares, or 30.78 per cent of Tilbury.

News of the additional purchases came as Tilbury fired a further circular to shareholders, arguing that the revised

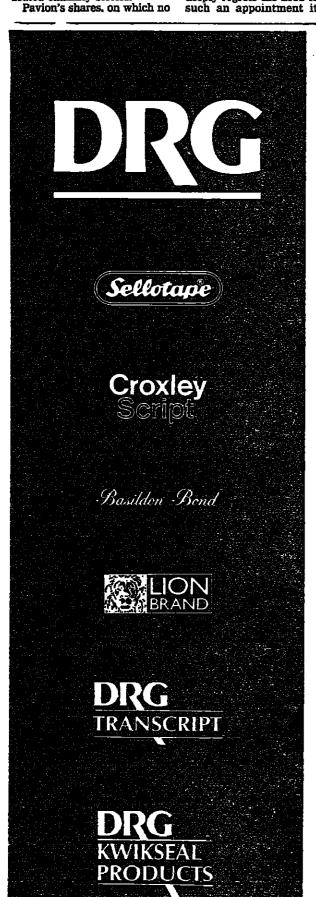
offer remained inadequate. that its record and prospects were good, and that there was little commercial benefit in a

It also took a swipe at Lilley's comparative margins, and argued that the bidder had become increasingly dependent on overseas profits and on the English housebuilding market. It maintained that threequarters of its own unit hous-

ing sales were in Scotland.

where it said house prices were

still rising. Lilley, however, returned the fire. It said that Tilbury's past performance "merely reflects the boom in property and construction over the past few years"; that the 1989 profits forecast had been "inflated by one-off disposals; and that in the light of the decline in the housing and property sectors, Tilbury's future must be viewed as uncertain."



iterim Kesuli

66 I am particularly pleased to be able to report a further significant advance in profit levels. The Group achieved a 51% improvement in pre-tax profits boosted by higher profits from our growing portfolio of overseas operations and by a substantial contribution from the on-going programme for major realisations of properties progressively becoming surplus.

- 66 Our UK distribution networks for office and print supplies showed continued growth and turnover is now running at a rate well in excess of £100m per annum 99
- 66 The first eight months of the year we have invested some £40m in adding new activities to the Group 99
- 66 Operating profits earned overseas rose by 18%99



Sir John Milne Chairman

HALF YEAR TO 1st JULY 1989 1989 1988 Turnover £423.5m £388.5m £42.7m £28.3m Pre-tax profits After-tax profits £32.5m £20.5m 30.2p Earnings per share 19.4p Dividends per share 6.11p 4.7p

Pre-tax Profits

Earnings per share

Dividends per share

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UK COMPANY NEWS

Progress held up and second half starts slowly

UB below forecasts with £75.7m

By Christopher Parkes, Consumer industries Editor

HOT WEATHER, food scares \$700,000 after \$2.8m last time. and a poor farewell performance from the Wimpy and Pizzaland restaurant operations held up first-half progress at United Biscuits.

Luntum aner \$2.8m last time. Yesterday's figures also included \$2.1m closure costs for the biscuit works in Half-progress at United Biscuits.

Elsewhere, after allowing for Pre-tax profits for the six months to July 15 rose 10 per cent to £75.7m on sales up 23 per cent at £1.4bn.

The second half had also started slowly, Mr Bob Clarke, chief executive, said

City analysts had been looking for closer to 12 per cent profits growth and promptly started revising their full-year

Mr Jim Blyth, finance director, said he expected "not less than £190m; but possibly not much more".

But the brokers who earlier forecast around £200m were optimistic that the fundamental strengths of the group would bring in around £195m, compared with £170m

As Mr Clarke pointed out, trading profit in the continuing businesses was up 22 per cent in the first six months of the year.
The restaurants, due to pass

to their new owner, Grand Metropolitan, early next month on completion of the recent £180m

the effects of the summe chocolate biscuits, like burgers, are not ideal not-weather fare - UB consolidated or increased market share in its

core biscuit, frozen foods and potato snack operations.

The UB Brands biscuit subsidiary showed sales and trading profits both up 10 per cent.
Profits at KP, the crisps and nuts business, slipped 3 per cent to £13.7m, however, while sales advanced 11 per cent on the back of enhanced lager intake in packed pubs.

Margins were squeezed by last year's poor potato crop, which increased production costs, but trading profit from UK operations still managed a

4 per cent increase. from an unexpected marketing onslaught from General Mills. Within the Ross Young's fro-zen food business, profits advanced 13 per cent to £13m

while sales managed only a 4 per cent increase. Mr Clarke said this division, which includes the group's chilled food and fresh sandwich inter-ests, had been affected by salmonella and listeria food poi-Trading profit was down at soning scares.



The fledgling confectionery business, embracing Terry's of York and Callard & Bowser, returned a 50 per cent profits

In the US, where UB has just settled its patent infringement arguments with Procter & Gamble with a \$52.9m (£34m) payment, Keebler took sales up 22 per cent to £450.7m and 22 per cent to £450.7m, and trading profit rose 28 per cent Mr Blyth said that after deducting tax relief and sums

set aside previously for the settlement with P&G, the net effect on shareholders' funds this year would be around

Considering that UB has nei-

ther an ice cream business in

O COMMENT

its frozen food cabinet, nor a soft drinks arm à la Cadbury to mitigate the effects of a freak summer, the old firm weathered the drought pretty well. Chocolate starvation is now setting in among the British, and provided we do not have a tropical Christmas, UB Brands and Terry's seem set to forge ahead. After disposing of Wimpy, the group is currently ditching its other odds and ends in car dealerships and frozen food retailing, and its core operations are clearly defined. Taking its eye off the ball caused it some embarrassment in Europe, where snacks lost out, and the US, where cracker market share slipped. UB is in highly competitive markets, and such lapses should not occur too often. New competition in the home market from BSN, new owner of the Nabisco biscuit business, Pep-siCo, which now owns Smiths and Walkers crisps, and Camp-bell Soup, which is burrowing into frozen desserts - will also

LMS asset value shows 53% rise to 147p

By Graham Deller

LONDON MERCHANT Securittes, the investment holding company headed by Lord Rayne and effectively con-trolled by him via Westpool Investment Trust, yesterday announced record profits. Bearing out Lord Rayne's confident interim statement,

the pre-tax balance for the 12 months to March 31 1989 was £18.25m, up from £16.98m. Net rental income rose 9 per cent to £19.39m, but property trading profit fell to £461,000

(£1.12m). Share of profits from the near-30 per cent stake in First Leisure Corporation con-tributed £5.73m (£4.58m). In December, LMS sold its 27.19 per cent holding in Car-less, the UK oil exploration group, to Kelt Energy. Profits of £23.2m therefrom formed

the main proportion of an extraordinary gain of £24.94m. Shareholders' funds, buoyed by the revaluation of investment properties and the Car-less stake sale, advanced some 53 per cent to £356m or 147p per share.

Earnings worked through at 7.08p (5.98p) basic and 4.82p (4.14p) fully diluted. A final dividend of 2.4p lifts the total to 3.2p (3p).

AB Electronics justifies its warning with slip to £15.22m

By John Ridding

A FALL in demand from one of its largest electronic assembly customers prompted a decline in pre-tax profits at AB Electronic Products, from £16.4m to £15.22m for the year to the end

of June. The company, which makes systems and components for a range of industrial sectors, had warned at the interim stage that the results would show a decline. This, combined with a higher than expected total dividend of 17.5p (15p) and a relatively upbeat statement, sent shares 11p higher yesterday to

close at 411p.
Mr Peter Phillips, chairman, revealed that the downturn had caused sales in the core assembly products division to fall from £80m to just over £50m during the period. But he said that demand from the customer concerned, widely believed to be IBM, had now

with an increase in the weighted average of shares, meant that earnings per share fell from 40p to 34.6p, fully diluted. There was an extraordinary

The fall in profits, combined

charge of £517,000 relating to the costs of an aborted acquisition. Mr Phillips declined to give details.

With the exception of product assembly and the resale and distribution group, mar-gins improved in the six operating divisions. However, operating margins overall fell from nearly 9 per cent to 7.6 per

The biggest sales increase came from the telecommunications divisions, which raised turnover from about £15m to

The components division

Dalgety buys French food base

DALGETY, the food and commodities group, is establishing a French base for its crumbs and batter. They have commodities group, is estab-lishing a French base for its food ingredients business

through the acquisition of two companies for £3.5m. Lucas Ingredients, Dalgety's food ingredients arm, is to buy Eurochapelure, a manufacturer

annual sales of £2.5m and £3m

respectively.
Mr Maurice Warren, Dalgety's managing director, said the acquisitions represented an

important strategic move.

Automotive products increased sales from £35m to about £42m, exceeding the

company's budget. The final dividend of 13.5p (12p) makes a total for the year of 17.5p (15p).

• COMMENT

AB appears to be back on course following April's nasty jolt. Orders have recovered in the assembly division and, more importantly, its contribution to overall profits and reli-ance on IBM have both been reduced. But the rate of growth is going to be sedate. Components will be affected by cer-tain sluggish markets and the aerospace division will be limited by investment costs. The automotive division will continue to benefit from the trend towards increased in-car gadgetry, but faces the prospect of slowing vehicle sales. It may also be affected by the plight of Jaguar, one of its biggest cus-tomers. None the less, pre-tax profits should reach £17.3m in the current year. AB is doing the right thing in developing its higher value added businesses and reducing its dependence on assembly. But without a boost from acquisitions and nothing big seems likely a prospective multiple of 10.4 rightly reflects an unexcit-

Rockware buoyed to £5.9m by glass side

Sir Peter Parker, chairman, 20 per cent to 1.2p (1p). said the result reflected an "outstanding" performance from the glass division, which Like these results, Rocl increased sales and margins as a result of firm prices and efficiency improvements. Environmental concerns would coninto the glass business and the
tinue to reinforce the position squeeze on consumer spending of glass in packaging, he said.

reduced its profitability when planned growth for business forms did not materialise forms did not materialise. Interest costs increased from increased from the first costs increased from the first costs, while to the first costs, while to the first costs increased from the first costs will be commended from relocation costs and the full force of the rise in the first costs.

ROCKWARE GROUP, the 2543,000 (£147,000); metals specialist packaging and printing from (nil); crystal £233,000 ing group, announced a 52 per (nil); engineering nil (£155,000). cent rise in pre-tax profits from Fully diluted earnings rose \$3.91m to \$5.92m for the six by 13 per cent to 2.82p (2.49p). months to June 30. The interim dividend is lifted

Like these results, Rockware's prospects are good in parts. Environmental concerns will is unlikely to take a heavy toll However, there was a poor on its packaging business, performance from the flexible which is biased towards food, film interests, which incurred toiletries and cosmetics. But a loss because of a weak mar while the plastics division has ket and a heavy write down of shown a good recovery, the stock,
The printing division also full turning round the flexible film and wrinting operations. Furthermore, the new accountstemmed from relocation costs and the sale of a property.
Turnover expanded to £123.46m (£87.2m). The breakdown of operating profits was as follows: glass £4.46m (£2.52m); printing £1.09m pre-tax profits of £17.5m this (£1.28m); plastics £1.06m year, they are on a p/e of (£797,000); flexible film loss .85.

Hopkinsons returns to profit with £2.5m

A RETURN to profit in the first half and an encouraging outlook has lead Hopkinsons Holdings to forecast at least restoration of its dividend.

(2876,000).

In the comparative period other operations incurred a loss of £243,000 and there was £3.3m for exceptional stock

in the half year ended July 31 1989 the pre-tax profit was £2.53m, against a loss of £1.79m. With earnings at 3.24p (loss 3.59p) the interim dividend is held at 1p; but a total of not less than 3.33p is forecast, which would restore last year's 1.165p cut.

The group, engaged in the production of valves, disposed of its core manufacturing unit Hopkinsons and Hopkinsons and Hopkinsons has effectively com-

of its core manufacturing unit the second half. Hopkinsons and Hopkinsons used into the second half. Hopkinsons has effectively complete and the accounts have been prepared accordingly.

Sales totalled 233.99m (£35.97m) with continuing operations accounting for achieved at a lower cost than articipated.

Bryan Donkin built on last year's strong recovery with

operations accounting for anticipated.

23.94m (£19.8m).

Trading profit from those operations came to £2.36m (£1.11m) while interest and other income was £169,000

Tacar were disappointing.

Budgen shares sold

Weekly net asset Mr John Fletcher, chairman and chief executive of Budgens, has exercised options over Leveraged Capital Holdings N.V. 400,000 shares. These shares — together with 20,000 shares already owned — have, "for personal reasons", been sold at as at I1-9 was US\$ 355.71 Listed on the Amsterdam. Stock Exchange 112p. At June 1989 Mr Fletcher held options over 2.74m shares, exercisable at 51.1p. Pierson, Heldring & Pierson NM

INVESTMENT TRUSTS The Financial Times proposes to publish this survey on:

7 October 1989

For a full editorial synopsis and advertisement details, please contact:

RICHARD BECCLE

or write to him at: Number One

Southwark Bridge London SEI 9HL

ENGINEERING STRENGTH

'Sales for the first six months at nearly £4 billion are more than double the equivalent period last year....

The outlook for the Commercial Aircraft business is brighte than for a long time and the Company's programme for reducing costs and increasing the dollar content of manufacturing continues to show encouraging results."

The raising of the limitation on foreign shareholdings in the Company's equity from 15% to 29.5% was a most welcome development. Wider access to the Company's shares is expected to have a positive impact on their values.'

Your Board has declared an interim dividend of 8.1p per ordinary share, an increase of 10%....

The underlying quality of future earnings has been improved by the broader range of business activities which now make up British Aerospace and the Board looks forward to the future with confidence."

Professor Roland Smith, Chairman

INTERIM RESULTS 1989 (unaudited)

	1st half 1989 £m	1st half 1988 £m	% change
Tumover	3,979	1,865	113%
Tracking profit	146	130	12%
Exceptional item	34	-	-
Profit before taxation	141	95	48%
Profit after taxation	99	62	60%
Earnings per share –			
Before exceptional item	25.4p	24.8p	2%
After exceptional item	38.7p	24.8p	56%

The full statement will be sent to all shareholders. Copies are available from: The Secretary, British Aerospaca pic, 11 Strand, London WC2N 5JT.



BRITISH AEROSPACE

DEFENCE SYSTEMS COMMERCIAL AIRCRAFT MOTOR VEHICLES SPACE SYSTEMS

CONSTRUCTION & PROPERTY DEVELOPMENT-ENTERPRISES

Higher output and prices boost Lasmo to £27.6m

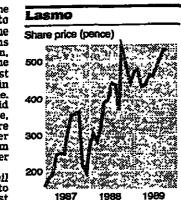
By Steven Butler

LONDON & SCOTTISH Marine Oil doubled net profits to £27.6m in the first half of the year, reflecting acquisitions which boosted oil production, higher prices, and the income from loan notes issued last year when it sold its stake in Enterprise Oil to Elf Aquitaine. The acquisitions were paid for partly by a big share issue, although earnings per share also rose sharply, up 59 per cent at 11.3p (7.1p). The interim dividend was lifted by 20 per cent from 2.5p to 3p.

Lasmo's average daily oil production rose from 51.550 to

production rose from 51,550 to 63,880 barrels. The biggest jump came from the UK, from 17,550 b/d to 28,800 b/d. The average realised price of crude oil rose from £8.50 to £10.50. Proven oil reserves have risen 62 per cent to 419m barrels of oil equivalent, with 205m barrels of possible reserves.

Operating profit jumped from £5.9m to £22.2m. Lasmo also announced yes-terday that it had agreed with Total, the French oil group, to acquire a 25 per cent interest in an oil concession in the Gulf of Tonkin, in Vietnamese waters, and expects to be dril-ling by the end of the year. It has acquired exloration acreage onshore in Indonesia and offshore in Canada and



Western Australia, and expects new exploration awards in Colombia, Trinidad, offshore Australia, and Pakistan. It expects a total addition to net acreage of 12,000 net sq kil-

1988

net acreage of 12,000 net sq kilometres during the year. In line with its aggressive exploration programme Lasmo participated in 85 wells in the first half of the year, and expects 120 for the year. Capital expenditure was £55m in the first half, with £75m expected in the second half, to be financed from each flow.

financed from cash flow. Net cash was £30m at the end of June, and the year is expected to finish with net

cash. Debt was restructured in the first half, with average maturity increased from three

COMMENT Lasmo shares appear to offer nothing to the short-term investor hoping for a takeover, and little if any discount and little if any discount remains in the share price relative to underlying asset value. Yet everything Lasmo has done in the first half of the year promises to continue adding value for shareholders. Its 2358m acquisition of Thomson North Sea proved its worth within months, with new diswithin months, with new dis-coveries. Lasmo is financially stronger than ever, leaving it well positioned to pounce on the next acquisition that looks attractive or to pursue an aggressive exploration programme. One of those wells has turned up trumps in Pakistan, and others stretching from Vietnam to the North Sea, with plenty of stops in between, should turn in results in the coming weeks and months. With production expected to double in the next five years, based on current development projects, the shares are also well geared to the oil price, which industry consensus, for what it is worth, says should

Lucas ends venture with US partner

By Richard Tomkins, Midlands Correspondent

LUCAS INDUSTRIES, the automotive, aerospace and industrial group, has ended a joint venture with Echlin, the large US car parts manufac-turer which turned out compo-nents for the European heavy data. duty braking systems market. It has sold its 30 per cent

stake in the joint venture com-panies — Gran Girling of the UK and Gran Branse of West Germany — to Echlin for an undisclosed sum.

The joint venture was formed only three years ago, but Lucas said the two parties had different views about the development of the heavy duty braking content models. braking systems market. The joint agreement, it mphasised, had ended amica-

Lucas will remain fully involved in the air and hydraulic systems braking market through Lucas Auto-motive's heavy duty braking

systems division.

Meanwhile Echlin will stay
in the air brake equipment
market through its Grau subsidiaries in Europe and Midland Brake in the

US activities aid Caparo rise to £7.8m

By John Thornhill

CAPARO INDUSTRIES, the engineering group, more than doubled pre-tax profits from £3.8m to £7.8m in the half year to June 30, helped by a strong contribution from the Bull Moose Tube company.

North American activities, which include Bull Moose, acquired in October 1988, con-tributed operating profits of 52.7m on turnover of £43.68m. Mr Swraj Paul, chairman,

said it had been a very good half for Caparo. The UK operations increased operating profits by 57 per cent to £7.1m, reflecting volume and margin improvement at Merchant Bar, Wrexham Wire, and Clydesdale Engineering. North American

operations contributed more than budgeted. He added that current tight economic conditions would generally reduce demand and

capital investment, affecting. Caparo's business in the sec-ond half. However, close cost control should help limit these adverse effects and produce a

more than satisfactory result for 1989, he said. In May, Caparo bought Davy Forge, a manufacturer of die drop forgings, for 290,000 in cash and the assumption of a £3 im overdraft. Mr Paul said

further acquisitions would be

considered. Caparo's former Fidelity faccaparo's former Fidenty fac-tory at Acton has been sold for £6m. This will realise an extraordinary profit of £2.2m and a net cash inflow of £4.4m in the second half. Group turnover rose 77 per cent to £120.7m (£68m). Earn-

ings per share advanced by two thirds to 4.39p (2.64p) and the interim dividend is lifted by 53 per cent to 1.3p (0.85p).

Bridon to buy rope side from Bridport-Gundry

BRIDON, the Doncaster-based wire rope manufacturer, is buying Halls Barton, the rope making subsidiary of Bridport-Gundry, for £850,000. The deal is conditional on non-referral to the Monopolies and Mergers

Halls Barton, which has two factories in Humberside, makes steel wire rope and nat-ural and synthetic fibre ropes. Its customers include industrial, fishing and marine out-lets in the UK and overseas.

Mr Brian Cowley, Bridport's managing director, said the subsidiary had incurred losses since its acquisition in 1986. In the year to the end of July 1988, the pre-tax deficit amounted to £594,000. Manage-ment accounts for the first half

Pre-tax

of the current year show fur-ther losses of £152,000.

Despite improvements in productivity it has suffered from weak demand and over-seas competition. The net book value of the assets to be sold were £1.38m at the end of April

Bridon said the acquisition would enhance customer base and assist in relieving areas of capacity constraints on wire rope production. In addition it will enable Bridon to supply the fishing industry with an increased product range.

Under the terms of the deal.

Bridont will retain 4816 Bernstein 1816 B

Bridgort will retain Halls Bar-ton's debtors. These are esti-mated to be worth £2m. Cer-tain freehold properties will also be retained.

Eagle Trust investigates payments to Paramount

By Philip Coggan

EAGLE TRUST, the troubled EAGLE TRUST, the troubled mini-conglomerate which is the subject of an investigation by the Serious Fraud Office, is looking into sums of £700,000 that, according to ledger entries, were paid in December 1987 to Paramount Airways and Paramount Leasing, two companies controlled by Mr John Ferriday, Eagle's former chairman, and Mr Richard Smith, Eagle's managing direc-

Both Paramount Airways and Paramount Leasing were owned through Paramount.
Holdings, a holding company.
Eagle is looking into the question of whether further unexplained sums were paid to the

Paramount group.

Paramount is currently in the hands of administrators who are looking for several million pounds in "unsubstan-tiated payments". The SFO is also investigating Paramount. In a statement earlier this week, Mr Smith said he had not had any day-to-day involve-ment in the affairs of ParaMeanwhile, Eagle is prepar-ing a circular to shareholders to be sent out next week, in the form of a letter from the chairman, Mr Malcolm Stockdale. The circular will also give notice of an annual general meeting, although it is not clear whether the meeting will be held by the legal deadline of

October 8. Mr Andrew Fitton, the chief executive of Braithwaite and the man who has assembled a consortium with a view to injecting capital into Eagle, is expected to meet with repre-sentatives of Eagle Trust

sentatives of Eagle Trust shortly.

Hill Murray has been appointed as public relations adviser to Eagle, replacing Lowe Bell which resigned ear-lier this week.

Meanwhile, Sharpe & Fisher,

the building supplies and prop-erty company, has acquired the assets of the Western region of assets of the western regain of MCP Building Supplies for \$2.7m. MCP Building Supplies is a subsidiary of Eagle Trust which has been placed in the hands of administrators.

Erith well down

Brith, the builders' merchant, saw first half pre-tax profits fall from £2.51m to £1.82m on turnover of £45.42m compared with £40.42m.

Earnings fall to 2.85p (4.2p) but the interim dividend is

Trade Indemnity

Trade Indemnity, the credit insurance company, said yes-terday that premiums in the first half of 1989 rose by 16 per cent from £41.91m to £48.53m.
The interim dividend is 0.68p, against 0.528p adjusted for the restructuring.

LIK ECONOMIC INDICATORS

And that's half the picture.

1989 INTERIM RESULTS

Unaudited operating profit before tax of

Dividendincreased by 15.6% to 5.2 pper share

Life and Pensions estimated profits up 18% to £50.1m

General Insurance profits of £24.8m

Life and Pensions worldwide new annual premiums up 23%

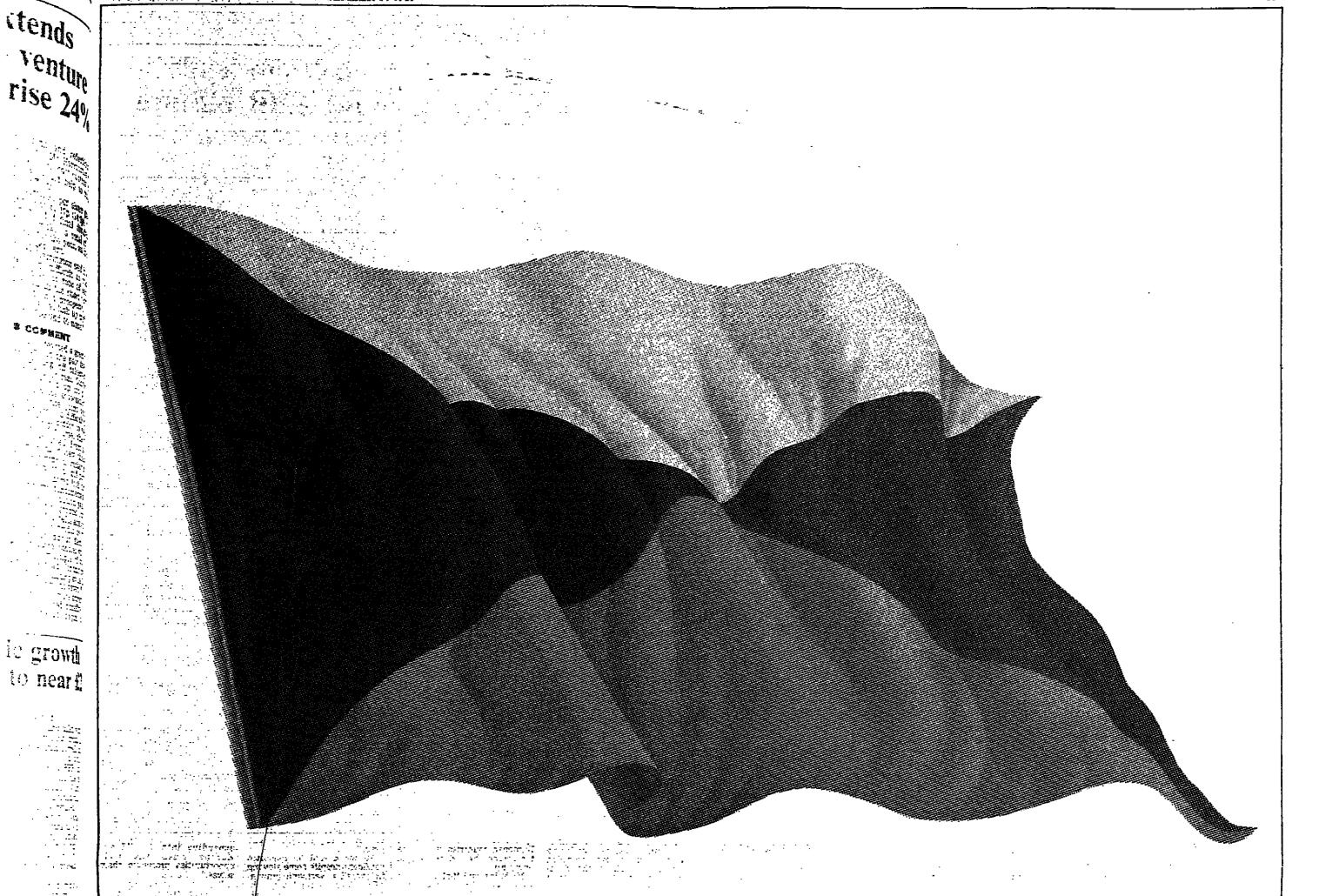
After a record breaking 1988, unaudited profits for the first six months of this year have set another record. Improved market share in Life and Pensions, good results from General Insurance and continuing progress in Investments demonstrate the quality of our three core businesses and the strength of the Legal & General brand.

To find out more about these excellent results. please mail the coupon for a copy of our Interim Results booklet.

Please send me a copy of the Legal & General Interim Results booklet. Send to Chris Robinson, Investor Relations Manager Legal & General Group Pic, Temple Court, 11 Queen Victoria

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4th qu.	116.4	117.5	. 22.4	121.6	158.A	2,161	244,9
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December	110.1	117.5		121.1	181,9	2,007	233.3
1989 1st qtr.	188.2 198.4	118.2	38.6	121.5	125,4	1,552	225.7
end etr. January	198.4 199.5	112.3 116.3	37.3 34.9	122.3 119.5	122.7	1,234	223 2 224 2
February	103.6	1184	36.2	122.7	123.6	1.943	220.1
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May	167.5	. 119.2	37.3	124.5	132,4	1,834	216.2
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4th qtr Şept	113.8 114.2	116.9 115.5	198.8	116.6 116.0	124.3	101.6	18.4
October	112.6	116.6	107.8	117.Đ	128.0	191.6 101.0	29.1 19.6
November December	114.3 113.8	117.2 116.9	107. <u>s</u> 196.1	-: 117.9 118.8	120.0 126.0	101.0 103.0	21.4 14.2
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2nd qtr.	114.8	115.4	102.2	117.8 117.8	130,3 125,1	29.5 20.3	17.9 18.4
January February	112.7 112.5	119.5	104.2	119.0 117.6	136,8 129,6	98.Q	76.5
March	114.8	117.7	103.6	117.9	123,0	106.0 99.0	19.4 15.8
April May	116.1	115.0 116.0	104.8 105.8	116.0 _ 119.0	131,0	99.6 99.0	18.4
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3rd gtr''	117 =	125.2		-2,782 -5,410	+966	97.1 97.3	48.5 58.4
ith atr, October	197.2 193.7	134.7	-0.465 -2.456	-6,364 -2,382	. +889	96.7	\$1.5
November -	. 104.3	. 13L3.	-1,460	-1.642	+47 : +150	97.8	\$0.0 \$1.0
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ist gtr.	112.6	140.5	-5,900	4.841	+241	60.0	
ànd qtr.	115,1	140.2	-5,832	-4.632	+333	98.3 97.6	50.4 43.6
Jenuary Pebruary	117.1 108.4	145.1 138.0	-2,047	-1,557	+115	98.0	51.7
March	115.8	138.2	-2,215 -1,718	-1,936 -1,335	+ 125	98.6	51.6
April	111,5	140.0	-2,179	-1,756	+ 134	98.7 98.9	50.4 57.2
	.118 <u>.2</u>	138,4 142,1	-1,740 -1 947	-1,340	+43	90.9	46.0
			-1,917	-1,517 -2,082	+ 156	95.9	43.6
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P&O Steady growth continues

"The results for the first half of the year show encouraging growth overall.

Our passenger shipping operations performed well. The service businesses continue their steady growth. Bovis Homes is suffering from the severe downturn in the housing market but Bovis Construction and the P&O Property companies made good progress both in the UK and abroad.

Our balance sheet is strong. Taking into account the prevailing economic climate in the United Kingdom, the results for the first half year are satisfactory. Your Company continues to expand strongly internationally and I have confidence in the out-turn for the year."

Sir Jeffrey Sterling CBE Chairman

	1989 6 months to 30.6.89	1988 6 months to 30.6.88	1988 12 months to 31.12.88
Turnover	£1,913.3m	£1,457.3m	£3,376.4m
Profit before tax	£169.3m	£111.7m	£316.6m
Earnings per share	28.0p	18.1p	53.8p
Dividends per share	12.5p	10.5p	25.5p

The Peninsular and Oriental Steam Navigation Company

INTERIM RESULTS (unaudited)

OCEAN MAKES GOOD PROGRESS

six monti	ns ended
30 June	30 June
1989	1988

Pre-tax profit	£20.5m	£17.4m	up 18%
Earnings per share	11.8p	9.6p	up 23%
Interim dividend	4.24p	3.68p	up 15%

"Ocean has made good progress in the first half year. Our main businesses are performing well and I am confident of continuing growth."

P i Marshall Chairman



FREIGHT, ENVIRONMENTAL AND MARINE SERVICES A copy of Ocean's Interim Results may be obtained from the Company Secretary, Ocean Transport & Trading plc, India Buildings, Liverpool L2 0RB

ASSOCIATED FRESH FOODS

"Excellent profit growth in our first full year since the management buy-out"

HIGHLIGHTS OF THE YEAR ENDED 29th APRIL 1989

(£ million)	1988 (36 wecks)	1989	7
TURNOVER	91.8	143.4	+8
OPERATING PROFIT	5.8	9.8	+16
PROFIT BEFORE TAXATION	1.4	3.3	+57
PROFIT AFTER TAXATION	0.9	26	+95

Note: The percentage increases are based on annualised results for 1964.

Associated Fresh Foods - trading as Associated Dairies and Cravendale Foods - is one of the country's leading fresh food manufacturers and distributors.

"We have made significant progress in broadening our range of products and our customer base. We look to the future with confidence"

Copies of the Associated Fresh Foods Limited Report and Accounts 1989 are available from the Company Secretary, Craven House, Karkstall Road, Leeds, LS3 1JE.

HALL ENGINEERING

STRONG GROW IN THE FIRST HALF

HIGHLIGHTS OF THE 1989 UNAUDITED INTERIM RESULTS	SRY/ON XIS 10.6.89 2000°2	SRT /OM /IS 88.6.00 OT 000 3	
TURNOVER	89.628	72,977	(P.23)
OPERATING PROFIT	5,959	4,097	WB.
PROFIT BEFORE TAX	6,102	4,713	f 5 5m
EARNINGS PER SHARE	28.19p	19.81p	EP 42 %
DIVIDEND PER SHARE	6.6p	5.5p	LP JH7

The outlook for at least the remainder of the year indicates further progress and I am confident that 1989 will be another record year.

Copies of the full announcement, which is being sent to all shareholders on 20th September, 1989, are obtainable from The Secretary, Hall Engineering (Holdings) P.L.C., Harlescon Lane, Shrewsbury, 511 545 Tel: (0745) 255541.

UK COMPANY NEWS

All-round expansion lifts OT&T 18% to £20.5m

By Ray Bashford

OCEAN TRANSPORT & Trading, the diversified distribution and transport group which has been reshaped through the disposal of its shipping interests, lifted pre-tax profits 18 per cent during the six months to June

The first interim results since the company severed its historic ties with the shipping industry showed a growth in pretax profits from 117.4m to

Turnover for the six months totalled £420.1m. This compared with £498.8m last time, though the latter figure included returns from several of the companies which were sold during the pull-out from

shipping.
Earnings per share improved to 11.8p (9.6p). The interim dividend is lifted 15 per cent 4.24p

The company's three major operating divisions – freight and distribution, environment and energy, and marine ser-vices – each made increased contributions to the trading

The freight forwarding and distribution business, which includes the MSAS, Panocean and McGregor Cory subsidiaries, returned a trading profit of \$10.1m (28m) on a turnover

T & TO Share price (pence)

OT&T encountered further difficulties in the McGregor Cory commodities storage busi-ness in continental Europe which partially negated growth by the subsidiaries UK

Marine services, comprising transport support services to offshore rigs and wells and towage, returned the second largest trading profit of £4.9m (£4.3m) on a turnover of £34.5m

services operations made a £4.8m (£4.2m) contribution to

trading profits.

The environment business valued but a carried on through a network

of US laboratories and expanding UK waste management activities, experienced strong growth and helped counter a decline in trading conditions for the energy business caused by unfavourable weather con-

These figures provide encouraging indications for the outaging indications for the outlook of OT&T now that the
shipping business is now part
of the group's history. The
most important acquisitions
the company has made since
Mr Nicholas Barber, chief executive, began searching for calmer waters for growth showed
sufficient strength to counter
the adverse impact on certain
smaller businesses experiencing temporary difficulties. The
departure of Sir Ron Brieriey,
the New Zealand businessman,
from the register through the the New Zealand businessman, from the register through the sale this week of his 26.6 percent holding also helps brighten prospects. With the holding apparently dispersed among friendly hands, OT&T has a greater chance than for a long time of being valued on fundamentals. Analysts are holding firm on their forecasts of a 146.5m pre-tax result for the year which gives a pie of 12. This makes the shares fully valued but a strong hold for future growth.

Riva launches rights issue to finance Hugin Sweda purchase

By Andrew Bolger

RIVA GROUP, a supplier of electronic-point-of-sale equipment, yesterday announced its agreed acquisition for £3m of Hugin Sweda, a troubled com-petitor in the same sector. Riva, which joined the USM

last October, is offering 8p cash for each Hugin share. To finance the offer and provide working capital for the enlarged group, Riva is raising £14.2m by a one-for-two rights issue at 105p. At the 108p suspension price, Riva is valued at

£13.5m. Hugin last year incurred a pre-tax loss of £1.9m on turnover of £110m. Its position then over of £110m. Its position then worsened considerably and bankers warned that, in the absence of firm proposals, they would not be prepared to continue support beyond the end of August Lock would highly of August. Last month Hugin sold its heavy loss-making operations in the US, but Riva will still be taking on Hugin debts of £21m.

Riva's Epos systems are designed for use by multiple chains of small outlets which

may have only one or two tills and send sales and stocks information overnight for central processing. Hugin Sweda
is a leading supplier of electronic cash registers and began
introducing Epos last year.

Riva is being supported with
cash and management exper-

tise by Pavon Investments, a wholly-owned subsidiary of Elders Investments, which is based in Hong Kong and was formed to create an investment company distinct from the Elders IXL group's core brew-

Payon will inject £8.4m in return for a third of Riva's enlarged capital. The Takeover Panel is being asked to waive the requirement for a full offer.

About 70 per cent of Riva's existing sharts are controlled. existing shares are controlled by Mr Tom Milne, the chairman, and Mr David Turner, a director and software expert.

They will not be taking up their rightsentitlements. After the restructuring, a third of the enlarged group will be

by Mr Milne and Mr Turner and the rest by the underwrit-ers, led by Lloyds Bank, and existing shareholders.

Mr Milne said that most of Hugin Sweda's problems had been in the US and Britain, where it had relied too much

where it had rened too much on cash registers and had not done enough to develop Epos. The US interests which Hugin had already sold accounted for half the size of the group and 60 per cent of its losses. Mr Milne was confident he could quickly turn around Hugin's UK operations. UK operations.
Riva, which numbers Boots,

Comet and Dorothy Perkins among its customers, is partic-ularly attracted by Hugin's operations in 12 continental European countries, which are far behind the UK and US in

using Epos.

Mr Milne said that given the slackness of the UK retail market, many of his customers were looking to expand into mainland Europe and had already asked Riva to provide them with Epos systems there.

Scholes extends joint ABB venture as profits rise 24%

SCHOLES GROUP, the electrical products manufacturer, increesed pre-tax profits by 24 per cent in the year to June 30 and announced an extension of its joint venture agreement with Asea Brown Boveri (ABB), the Swedish-Swiss electrical engineering group.

Formerly George H Scholes, the company lifted taxable profits to E004m (£7.31m) on

profits to Stoom (1731s) of turnover 28 per cent ahead at £47.98m (£37.1m).

Mr Reg Harrington, chair-man, said Scholes's frading conditions had been difficult within its sector of the electri-cal installation products mar-

But, both of its two newly-formed operating divisions pro-duced good results and were now firmly established, he said.

said.

The two acquisitions made during the year performed exceedingly well, according to Mr. Harrington. Metron, acquired in August 1988, contributed £800,000 to trading profits, while Appleby, bought in March 1988, made £1.5m.

WSK (Electrical), Scholar's existing joint venture with

existing joint venture with ABB, will expand its interests in marketing, development, and application engineering. Another joint venture will be formed to sell electrical instal-

"It is a marriage that offers considerable attractions and benefits to both parties." Mr Harrington said. Current trading was affected

by high interest rates which had a marked impact on Scholes's markets in the house-

the effects.

Earnings per stationary 18
per cent to 120 CMM. A recommended final devicend of
5.220 makes a world of 7.820
(6.80) for the year, an increase of 15-per cent.

Mr Harrington said it would be very difficult for maintain the present tails of carnings growth in the mast term, but added that prospects, in the light of the light with ABB, were "second to have."

Having devotal a great deal of its time in the just few years to fighting off takeover bids, imagined or ted, Scholes has now abored up its position through its association with ABB - the joint ventures would prove a difficult pill for a was ABB itself. From a share price point of view, this defensive strategit is rather a pity, for shorn of its bid premium. Scholes's shares look high on short-term fundamentals. The company's caution yesterday gives little ground for optigives little ground for opti-miss and hopeful analysts are miss and hopeful analysts are looking for profits to remain static at about 19m. That would place Scholes on a prospective multiple of over 10, which is heady for this stage of the housebuilding cycle. In the longer term, however, Scholes will become more attractive as the indoubted benefits of the APP. Finkers heefs to feed. ABB link-up begin to feed

Strong organic growth boosts AMV to near £2m

By John Ridding

ABBOTT MEAD VICIOUS, the advertising agency, Yesterday announced pre-tax predits of 21.84m for the six mostles to

Mr Peter Mead, chief essecutive, said the results reflected the strong organic growth of the group's main operations. Total billings for the year are now projected at £120m, an increase of 20 per cent over last

Mr Meed said he remained confident despite some slowing in overall advertising growth. "The advertising industry is in grave danger of talking itself into a recession" he

AMV was receiving more

It is holding talks with WPP. the advertising group headed by Mr Martin Sorvell, concerning the acquisition of SMS, one of WPP's agencies. Mr Mead said the need for the globalisation of agencies to cater for multinational clients had been overstated.

A number of oversees mar kets were attractive and AMV had "every intention of expanding into the US and Europe when the right opportunities presented them

Turnover during the half increased from £41.6m to £51.32m and earnings per share rose from 7.58p to 8.72p. The interim dividend is raised to

NEWS DIGEST

Watmoughs improves to £4.3m

WATMOUGHS (Holdings), the colour printer, publisher and process engraver, increased turnover and pre-tax profits by 50 per cent for the sax months to June 30. The taxable figure was £4.3m, up from £2.68m in the first half of 1988, while sales rose from £26.47m to

Some 38 per cent of the profits rise was from organic growth and the rest came from 'arnicoat, which contributed £310,000 since its acquisition in March. The directors said that Varnicoat, acquired to aid expansion in the consumer market, had been successfully

A number of major orders had been wen this year, includ-ing the weekend Telegraph

120 Cheep

London EC2V 6DS

magazine – to begin next Jan-uary – and Varnicoat's Observer magazine contract had been extended to the end of 1993.

Earnings in the first half rose 29 per cent from 12.2p to 15.69p and the interim dividend is being increased to 2.5p (2p).

British Fittings moves up to £2.8m British Fittings, stockholders

and distributors industrial and central heating engineering equipment, increased pre-tax profits from £2.25m to £2.79m in the six months to end-June. Turnover improved from £28.47m to £35.55m.

Earnings per share were 10.05p (7.77p) basic and 9.56p (7.72p) fully diluted. The interim dividend is lifted to 1.25p (1.135p). Hall Engineering

jumps at midway Buoyant conditions in the UK steel industry and another

This advertisement is assued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange").

CAPITAL & COUNTIES plc

(Incorporated and registered in England No. 280739)

Placing of a further tranche of £50,000.000 9% per cent. First Mortgage Debetture Stock 2027 at £90.047 per cent., payable in full on accepts

accordance with the recumments of the Council of The Stock

serving nationals of the Stock will be available in the Extel statistical service and copies may be obtained during usual business hours up to and including 18th September. 1989, for collection only, from the Company Announcements Office of The Stock Exchange. 48 Finally Square. London EC2A 10D and up to and including 27th September, 1989, from:

Capital & Counties plc, St Andrew's House, 40 Broadway,

London SW1H OBU

Litrytia Bank Pic, Registrar's Department. Goring-by-See. Worthing. West Sussex UN12 60A

de Zoete & Beven Limited, Ebogste House, 2 Swen Lane,

London ECAR STE

14th September, 1989

The Council of The Stock Exchange has granted permise the above Stock to be admitted to the Official List.

Exchange at least two market makers will be offered particle marketing of the Stock

mild winter helped Hall Engineering (Holdings) to expand in the first half of 1989, with pre-tax profits rising from £4.7m to £5.1m.

Turnover rose 23 per cent to £89.63m (£72.98m) while operating profit jumped 45 per cent to £5.96m (£4.1m).

After a lower tax charge, earnings moved up to 28,19p (19.81p). The interim dividend is raised to 6.6p (5.5p) and there is to be a 1-for-1 scrip

S Daniels deficit reduced to £92,000

S Daniels, the food importer and distributor, cut its loss from £227,000 to £92,000 in the first half of 1989.

Losses per share in the half year were 1.29p (4.27p). The interim dividend is maintained

at 1.25p. Mr Paul Daniels, chairman, said benefits of actions taken in the first half, would become increasingly apparent.

Marylebone Estates ahead to £2.01m Marylebone Estates Company

lifted pre-tax profits from £1.56m to £2.01m in the six months to June 30 1969.
Turnover was 14.61m, against £22.41m. Earnings at this USM-quoted company worked through at 2.60 (2.22p) basic and 2.6p (2.11p) fully diluted. The interim divising

Steel Burrill returns over £3m

is raised to 1.5p (1.25p).

Steel Burrill Jones , the Lloyd's insurance and reinsurance broking group, reported a sharp advance in profits for the six months to sad June. The pre-tax figure showed an advance of 85 per cent to £3.00m while earnings per 10p share expanded 45 per cent from 5.67p to 8.20p. The interim dividend is increased from 2.7p

Bletchley Motor static at £475,000 Bletchley Motor Group, which

came to the USM last November, reported interim pre-tax profits of £475,00, compared with £480,000 for the six months ended June 30.

After tax of £179,000 (£187,000) carnings per 20p share came out at 9.9p (13.5p). The interim dividend is 3.75p.

Scruttons expands 49% to £1.45m

Scruttons, the port, shipping and engineering services group, shares of which are traded on a matched bargain basis, achieved a 49 per cent increase in profits in the first ball of 1999.

Profits rose to \$1.45m (\$574,000) pre-tax while earn-ings were ahead at 21.90 (17.2p) per share. The interim divi-dend is lifted from 5p to 6p.

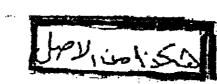
London Merchant Securities plc



Highlights of the year 2000 £000 Profit before tax 18,249 16,975 Profit attributable to shareholders 11,378 9,548 Shareholders' funds 355,907 231,731 Earnings per Ordinary share 7.08p 5.98p Dividends per Ordinary share

The greatly increased rental values still to be reflected in future reviews, the disposition of the group's major property holdings in key Central London areas and its substantial cash resources are conducive to continued growth on a significant scale,

Report and Accounts available from the Secretary (after 29 Sept.) Carlton House, 33 Robert Adam Street, London WIM 5AH.



HOPEWELL HOLDINGS LIMITED

ASSISTANT FINANCIAL CONTROLLER

Hopewell Holdings Limited is a highly successful major public company in Hong Kong Established 1972, and with assets of over HK\$8 Billion, the core business activities include property development, construction, civil engineering, power generation in Hong Kong, China, the Pacific Region and elsewhere.

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Reporting to the Executive Director, the successful applicant will be wholly responsible for directing and overseeing the entire financial and accounting functions of our civil engineering construction division.

The ideal candidate should be 28-35, possess relevant professional qualifications and have considerable hands-on management experience in the construction industry preferably in a multi-cultural environment. Detailed knowledge of financial control systems and management information systems is a prerequisite. Leadership qualities and excellent interpersonal skills will be key selection criteria.

The successful candidate will be based in Hong Kong and will be expected to travel frequently and widely in the Pacific Region and other areas of the World in the evaluation and control of the accounting and financial aspects of the company's operations.

Please reply in confidence with comprehensive c.v., salary expected and contact telephone number to:

> Mr. Robert Nien, Executive Director, Hopewell Holdings Limited. 64th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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growing controllo of clients Both offices offer excellent workingconditions, together, with a competitive package including care interviews can be arranged at these offices or in our London

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The Planning and Technical Services Department, formed four The Planning and Technical Services Department, formed four years ago, has seen its Capital budget increase by 100% in order to face the challenge of the Channel-Tunnel by providing Dover with an alternative economic base to the ferry industry. The Department has a first rate proven team of professionals including Architects, Engineers, Planners and Surveyors providing a wide range of services. This coupled with the financial implications of the new Direct Services Organisation legislation makes it essential that the financial and administrative support are raised to the highest standard.

Together with a formal accountancy qualification you will have had a diversity of work experience. You will lead a team of 35 staff and should have the ability to

manage and motivate at all levels. The role includes the development of innovative approaches to problem solving, and you should be able to introduce new systems and approaches which will be acceptable throughout the organisation.

in short, you will be a professional, probably in your mid 30's, eager to gain real management experience, and able to take the hitiative in redesigning support and financial services within a test moving environment.

Please quote reference: 51000/FT. For an application pack and further details please contact the Personnel Section, Council Offices, Honeywood Road, Whitfield, Dover, Kent CT16 3PJ, Tel: (0304) 821199 ext. 2104,

Dover District Council



FINANCE

NORTH WEST · 40K PACKAGE

Our client is a fast growing, privately owned regional housebuilder who has recently embarked on

An individual of exceptional ability is now required to play a key strategic role in the development, management and diversification of the company. Responsibilities will include financial planning, budgeting, analysis and the development of management information systems. Close involvement will also be expected with the Managing Director in possible acquisitions, land

ourchasing, implementation of the business plan and management of company assets. Aged 30+ the successful applicant must have a very positive approach, strong analytical and commercial skills backed by entrepreneurial skills, high motivation and be ambitious for success. The person appointed need not have previous experience within the housebuilding industry and may well have an industry or commerical property background.

The safary and benefits package for this position is highly competitive and will include executive car, substantial bonus and relocation where appropriate.

Please write in confidence with full career details to;

Divisional

Financial

Controller

Improvements

To £32,000

Counties

plus Car, etc

Northern Home

Home

Mr Michael Thomas

HIGH PROFILE

INTERNATIONAL SELECTION

P.O. Box 70, Altrincham, Cheshire WA14 10Z

their fields.

A fast-growing Plc with turnover of around £40m,

The main purpose is to ensure that the division's financial function can cope with this growth: strong

systems, planning, reporting, and the installation of new computerised systems, are the essentials of this

Aged from 26 to 35 and qualified, the successful candidate, reporting to the Finance Director, will have drive and excellent communication skills and be a clear-sighted processional. Previous experience

of a multi-site headquarters role would be helpful,

The generous remuneration package, including full relocation costs to this reasonably-priced area,

reflects the importance of this high visibility role, -

which has very real prospects of growth within the

Candidates should send a comprehensive c.v.

Howgate Sable & Partners, Arkwright House,

or telephone for an application form to

Parsonage Gardens, Manchester, M3 2LE.

is strengthening the finance team of its largest

division, which comprises eight self-accounting

companies all of which are market-leaders in

role, together with the management of the

Divisional Head Office accounting function.

Compliance Assistant Range c.£21,000 - £23,000 City

Commercial Union is one of the largest British-based international insurance companies with a network of offices throughout the UK and over 100 countries overseas. The corporate finance and investment activities based in the City of London are dealt with by a subsidiary company - Commercial Union Asset Management Limited.

A vacancy has arisen for a Compliance Assistant within CUAM who, reporting to the Corporate Funds Director, will be required to:

- * assist the Compliance Officer in ensuring that CUAM comply with the requirements of the Financial Services Act 1986 and the IMRO Rule Book
- * assist in updating the CUAM Rule Book and compliance procedures in line with anticipated IMRO Rule changes.
- * assist in monitoring CUAM activities to ensure compliance and record results.

It is likely that candidates will have recently achieved a professional qualification, eg ACCA, ACIS, and will have some relevant experience in a commercial, legal or stockmarket environment.

In return, we can offer an excellent range of benefits including attractive salaries, low cost mortgages, subsidised staff restaurant, low contribution pension scheme, reduced rates on insurance, flexitime, sport and leisure

To find out more please write with details, including qualifications and experience, to: Geoff Ridgway, Commercial Union Asset Management Ltd., St Helen's, 1 Undershaft, London EC3P 3DQ, or ring him on 01-283 7500, ext. 2398.



FINANCE DIRECTOR

Luton, Beds

Eastex, part of the highly successful Alexon Group, sells a range of quality ladies fashionwear through concessions in over 200 prestige UK department stores.

We are looking for a Finance Director to take responsibility for our Company finance department based at Luton.

A qualified accountant, probably in your 30s, you'll have a sound knowledge of Company finance, particularly cash control and cash flow forecasting, and be P.C. literate.

With excellent communication and interpersonal skills, you'll be a good man manager enabling you to make a real impact on the future success of Eastex.

If you're a practical, hands-on accountant, committed to improving Company performance, we'll offer you a highly competitive salary, quality car and full range of Company benefits including Profit Sharing.

Wendy Towers, Personnel Director, Alexon Brands, Alexon

House, Klin Farm, Milton Keynes MK11 3EE. ALEXON =

Group Financial Controller

(Group Company Secretary Designate)

WINE AND SPIRITS INDUSTRY

Central London

Please write with full C.V. to:

c. £35,000 plus car

A long established and successful wine and spirit distributor with many A long established and successful wine and spirit distributor with many impressive brand names is currently embarking on a period of re-organisation, growth and diversification. They have identified the need to strengthen the Head Office finance team by the appointment of a Group Financial Controller who can also expect to be appointed the Group Company Secretary after a

who can also expect to be appointed the Group Company Secretary after a satisfactory proving period.

Reporting to the Group Finance Director, the successful candidate will be responsible for consolidating group management and statutory accounts as well as investigating and reporting on acquisitions. Company secretarial duties will include liaison with solicitors, attendance at board meetings and administering the persion fund.

Applications are invited from qualified accountants aged between 33 and 45

who can demonstrate relevant experience, good communication skills and a flexible attitude. Prospects for advancement are excellent and the remuneration package includes an executive share option scheme, pension and private health scheme. Interested candidates should send a comprehensive curriculum vitae

enclosing details of current salary and a daytime telephone number in the strictest confidence to:-

Andrew G Sales FCCA (Ref 071) Director HODGSON IMPEY SEARCH & SELECTION LIMITED 50 Pall Mail, London Swiy & Q

ALDERS

Telephone: 061-839 0089

quoting reference: (F.T.298E).

Croydon

Our client, one of the UK's premier department store groups, is looking for two Financial Controllers, male/female (with a sound knowledge of PC based financial systems), to become actively involved in the eleven stores that make up this successful company.

Management Accounting around £32,000 In this demanding role the successful candidate will head a small team around £32,000 + car responsible for the group management accounting functions, including the preparation of monthly board reports, annual budgets and forecasts. Applicants must be qualified accountants, aged 28-35.

Ref: 2117/FT.

Asset Management

to £29,000 + car The successful candidate will be responsible for the financial management of the

group's substantial property portfolio, capital investment appraisal including new store developments and insurance. Applicants must be qualified acountants aged over 25.

Ref. 2118/ Write or telephone for an application form or send full details (with daytime telephone number and current salary) to R. P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel. 01-493 0156 (24 hours).

-Philips & Carpenter -Selection Consultants

Financial Controller

Circa £25,000 + car

Carlisle

Our client provides an extremely successful wholesale and distribution service which is dependent upon high levels of customer service coupled with strong financial controls. Their rapid expansion has led to the creation of several autonomous operating units each with a turnover of several millions. To manage and control this phase of development the opportunity has arisen for a commercially minded Financial Controller to play an active part in the management of our multi-site operations

based out of Carlisle. Working closely with the Managing Director and General Managers, the "hands on" nature of this position will necessitate a thorough involvement in all aspects of the business, together with the development and application of strict financial controls.

You will be a self starter with a positive attitude, have had experience in a distribution or retail environment and

preferably worked at an operational level within the disciplines of a large Group of Companies. In return you will receive a competitive

salary and a wide range of company benefits including a company car and relocation expenses where appropriate.

Please send details of personal history and work experience to date to the Confidential Reply Service, Ref. LS345, Austin Knight Advertising UK Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply

Austin

Appeals Accounting Manager

The Imperial Cancer Research Fund is one of the largest charity institutions in Britain. Our important work is funded by generous donations we receive from the public.

We have an outstanding opportunity for a fully qualified, experienced accountant with a positive and dynamic approach to take control of our Appeals Department's financial requirements and implement effective and innovative budgets and strategic plans. Budget Appeals Department income in 1989-90 is £41.9 million. Previous experience in budget and strategic planning essential. Although a crucial member of the financial management accounting team, you will be providing day to day support to the Appeals Director on all financial matters.

Excellent communication and inter-personal skills will prove invaluable as you will be expected to play a key role in establishing a strong working relationship between the Appeals and Finance Departments.

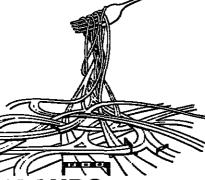
£21,000-£32,000

If you are looking for a challenging position, then contact the Recruitment Office, Imperial Cancer Research Fund, Lincoln's Inn Fields, London WC2A 3PX. Tel: 01-242 0200 ext. 3357 quoting reference 206/A. Smoking is actively discouraged.



Imperial Cancer Research Fund

Is this the feeling you have when thinking about career options? Then come along to the



WEST MIDLANDS YOUNG ACCOUNTANTS CAREERS FAIR

THE COPTHORNE HOTEL, PARADISE CIRCUS, BIRMINGHAM TUESDAY, 19TH SEPTEMBER, 5PM-9PM











A Buffet refreshments 1 Immediate interviews Tax Career Information

A Video presentations

Admission Free

To obtain your invitation please telephone or write to: Accountancy Personnel, FREEPOST, Birmingham B2 4BR. 021-643 6201

CONFIDENTIAL

HIGH PROFILE! HIGH FLYER!

£25,000 + Car + Package S. Herts An exciting opportunity has arisen within this progressive marketing organisation for a dynamic and commercially minded young accountant to join the senior management team.

The successful candidate will have full responsibility for day to day running of the accounts department and overall control of financial planning and business development.

This is a key position offering outstanding benefits, unlimited scope for personal advancement and the chance to be a decision

For further information contact: Accountancy Personnel 10 Station Road, Watford WD1 1EG. Tel: (0923) 228332.



MANAGEMENT ACCOUNT

c£21,000 + Benefits S. E. London Due to rapid expansion this subsidiary of a major plc offers a challenging opportunity to a recently qualified accountant. Reporting directly to the financial director this highly visible role is suited to a dynamic and highly flexible systems orientated individual. A challenging role with considerable scope for self development within the group and an attractive salary package.

For further information contact: Accountancy Personnel 106 Baker Street, London W1M 1LA. Tel: 01-935 1493



Accountancy Personnel

Placing Accountants First

LEVI STRAUSS & Co Europe, the world market leader in leisure wear is expanding its European Headquarters office in Brussels. To reinforce their Corporate Finance Division, they are seeking a

EUROPEAN TAX ANALYST Brussels

Your responsibilities

 $\hfill \square$ Advising the European Tax Director of developments in Tax legislation across

☐ Monitoring inter-company compliance with European Tax Regulations ensuring that returns are filed on time.

☐ Collecting and analysing information requested during the course of an audit or to the company's repatriation programme and cash management progres

Providing assistance to the controllers of affiliated companies.

☐ University Graduate with a Finance Specialisation. ☐ 3 years' experience at a Major International Corporation, Accounting or Law Firm.

☐ Fluency in one major European language (French, German, Spanish) besides

☐ Mobility and ability to present recommendations for improvement.

The position offers a challenging environment, a positive team spirit, an attractive salary and an extensive benefits package. LEVI STRAUSS & Co Europe is an Equal Opportunities Employer. We welcome minority applicants. Interested candidates are invited to contact Patrick Scallon or Pierre Delahaye on

010-322-347.02.10 or send their curriculum vitae to Michael Page International, Avenue Molière 262, 1060 Brussels, Belgium. (Ref AD84)



Michael Page International

Financial Recruitment Specialists London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

Financial Management (City Securities Firm)

The continued need to develop strong financial management within one of the most successful and prestigious British owned securities firms is regarded as a top priority. This client can offer high profile involvement within an International environment, excellent career opportunities and a generous and flexible benefits package, non-contributory pension and private health

Controller - Financial Accounting (Ref 067) to £40,000 plus car Reporting to the Group Financial Controller the successful applicant will be responsible for the timely and accurate production of all financial and statutory accounting requirements for the Group assisted by a staff of 12. This demanding role requires strong accounting and communication skills, well developed staff management experience and ideally the candidate should be up-to-date on corporate taxation.

Candidates must be qualified accountants aged between 28 and 35 and will have had at least three years post qualification experience preferably in a commercial environment. Exceptional candidates from the profession will be considered.

(Ref 068) c£28,000 plus car Financial Accountant Reporting to the Controller - Financial Accounting, this new and important position will maintain management responsibility over Group statutory and financial accounting requirements, Group consolidations and Balance Sheet reporting. Candidates will probably be recently qualified accountants looking

for their first management position.

Interested applicants should send a comprehensive curriculum vitas enclosing details of current remuneration, a daytime telephone number and quoting the appropriate reference number in the strictest confidence to:

Andrew G Sales FCCA HODGSON IMPEY
SEARCH & SELECTION LIMITED
50 Pall Mall, London Swix 6JQ

Financial Strategy Consulting

- IN a world-wide multi-disciplinary consultancy practice which is among the leaders in its field.
- THE TASK, as part of a team, is both to generate and execute corporate strategy assignments at the highest level operating within a blue-chip client base. Rapid career progression is expected.
- THE NEED is for an individual of the highest intellectual capacity who will probably be a Business Graduate or Qualified Accountant. Experience in corporate finance and the ability to operate successfully at Board level are
- AGE 25-30. Location in North of England or Scotland. Salary is negotiable up to \$55,000 but will not be a bar to candidates of exceptional quality. A car and the usual fringe benefits will apply.

Please reply, in confidence, with curriculum vitae, quoting Ref. S/1007 to Michael Bulow, W.B.H. Human Resources, Alliance House

63 St. Martin's Lane, London WC2N 4JX - The Control of th

Group Company Secretary

Cambs

c£30,000 + car

Our Client is a medium-sized plc, with a high reputation for quality, engaged in the construction and property development industry. The Group has expanded and broadened its area of operations over the last 5 years.

Reporting directly to the Chairman and acting as a link between other Board members, the appointee will be responsible for all the statutory duties, together with rent review negotiations, lease renewals and assignments, pension fund and other administrative matters.

Candidates most likely aged 40 or over should be qualified Chartered Secretaries with relevant industry experience. The location and general quality of life associated with the Cambridge area are further appealing features of this opportunity.

Interested candidates should send a detailed c.v. including current salary to Peter Sabine, quoting reference LM513, at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Accounting Manager Central London

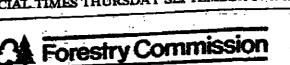
£28,000 + car

Our client, a small team of professional accountants, provides a commercial accounting and advisory service to a variety of private companies and individuals. They require an Accounting Manager who, using the network configuration of IBM PS II computers with standard software, will be responsible for the production of accounting records and developing the systems. He or she will be aged 28-40, with a professional accountancy background and able to demonstrate:

- A thorough knowledge of all aspects of day-to-day commercial accounting and
- Practical hands-on experience of working with computers.

The rewards include an attractive salary and benefits package, a pleasant working environment and the challenge of building the foundations of a growing client service.

Write in confidence to John Gregory at John Courtis and Partners, Selection Consultants, 855 Silbury Boulevard, Central Milton Keynes, MK9 3ND demonstrating your relevance clearly and quoting 5199/FT



COMMISSIONER administration & finance

The Forestry Commission is charged with the general duties of promoting the interest of forestry, the establishment and accuracy of dequate reserves affective the production and supplying the development of the session of the potential of the forests it makes directly to Forestry Minist

responsible for advice d and for the implementat Based at the Edinb will report to renior ma privale

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and lead

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hich is the main link between on and its Ministers dealing Perliamentary and legislative and the management and nt of administrative Informahnology through the Data Proces-

> literacy: is essential and a accounting qualification ly you will have experience ige of Government and

the possibility of the post. For further details and an application form

(to be returnecby 6 October 1989) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Baritigstoke (0256) 468551 (answering service operates outside office hoursj. Please quote ref: G/8112.

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5 CHOSTER SIGN PROPERTY THAT IS

DIRECTOR

SUNBURY-ON-THAMES

c£30,000 + Bonus + Car

1987 saw one of Britain's lagest management buyouts producing a group vith a turnover in excess of £600m. The size however's not the priority management quality is. The gloup has ambitions to lead the market in business selvices. Our client is a subsidiary of this group,

experiencing rapid growth in the provision of a nationwide high technology service involving consultancy, installation and prefertative care and maintenance on behalf of the wold's leading manufacturers of electronic processing and communications equipment. The basic framework of responsibility is the

supervision of the Finance department ensuring the adequacy of control systems and the production of monthly, half-yearly and annual acquints. But ... The full contribution expected is

 Direct involvement in shaping jusiness direction to maximise financial performance. Strong leadership to enhance the credibility of the finance function at all levels troughout the

compeny.

Initially a "hands-on" approach t systems rationalisation overseeing the specification and installation of new technologywhere

As a graduate, qualified accountant, ged 30-40, you will have a proven track record in finalcial management in an industrial or commercial environment and will expect to be rewardel on a performance related basis. You will posses the business and communication skills to take a variage of career development opportunities at substillary and group levels.

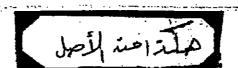
Please contact Gerry Pearson on 01-39 8118 to arrange a full briefing on this opportunity.



Financial Recruiment Euston House 81-103 Euston Street Facsimile: 01-380-1595

Uncertain About Your Future? Then take matters in your own hands by building your own solid business before redundancy stikes. We'll supply one of the widest and most anovative portfolios of financial products on the market - you'll have to provide the energy and determination to turn them into a highly lucrative income,

Talk to Judith Tame at Allied Dunbar Assurance PLC on 01-799-3550



Hydrovane

FINANCIAL DIRECTOR

Redditch, Worcester

Up to £30,000+Bonus+Car

Hydrovane, a subsidiary of a major international Group, specialises in the manufacture and sale of sliding vane compressors and spares. The Company has enjoyed very significant growth in recent years, building on an established worldwide reputation. Continual investment in research and development and use of the very latest material technology, production engineering and quality control, ensure that Hydrovane compressors are to be found in widespread use throughout the world.

To complement a very exciting ongoing programme of growth and development, and in line with the promotion within the Group of the existing incumbent, the Board now seeks to appoint a Financial Director

As a senior decision making member of the Board, your brief will be to co-ordinate, plan and direct the financial management of the company; to maximise its contributions to business development, operational control and profit performance.

You will ensure that the fairness and management

(PMG Peat Marwick McLintock

information is generated to a state of sophistication appropriate for future business strategy and

We would like to hear from Graduate Chartered Accountants who have been successful in directing the financial function of a company within a fastmoving, commercially orientated manufacturing context, and are now ready for a decisive career move with a progressive company.

significant personal commounts to the company growth strategy, being closely involved with the detail of the business and providing considered financial analysis, evaluation and comment.

The role presents an opportunity to make a

For a position of this nature, the company offers a salary package destined to grow in line with the on-going development of the business.

Written applications, quoting reference B/206/89, highlighting career history and salary details, should be directed to Steven French.

Accounting Control Manager

Middlesex

c. £30,000 Package + Car + Benefits



Gallaher Limited is a diversified group with areas of operation spanning tobacco, optics, retail distribution and housewares. With a turnover in excess of £4.1 bn, its quality household names include Benson & Hedges, Silk Cut, Hamlet, Dolland & Aitchison and Prestige. Dynamic management coupled with the ability to grow both organically and by acquisition, has resulted in consistent expansion throughout Europe.

Recent reorganisation has generated the need to augment the finance team with the appointment of an Accounting Control Manager. Managing a team of six staff, the appointee will be primarily responsible for achieving and maintaining will be primarily responsible for activeling and maintaining high operating standards across a wide range of financial procedures within the extensively computerised Sales, Distribution and Marketing divisions and, as such, will play a significant role in major current system developments.

The successful candidate will be a qualified accountant (aged 27-40) with industrial post qualification experience. Evidence of involvement in major systems developments is a prerequisite. Ability to communicate requirements to Senior Management is a necessity in stimulating change in this fast moving consumer goods environment.

Benefits include an attractive remuneration package, company car and the opportunity to both gain senior management exposure and develop an outstanding career based entirely on merit.

For further information in strict confidence contact Brian Hamill on 01-287 6285 (evenings and weekends 01-627 4974). Alternatively, forward a brief resume to our London office quoting Ref: BH502.

WALKER HAMILL

Financial Recruitment Consultants 29-30 Kingly Street London W1R 5LB Tel: 01 287 6285 Fax: 01 287 6270

Executive Selection

Peat House, 2 Cornwall Street, Birmingham B3 2DL. Telephone: 021-233 1666.

Group **Finance Director**

North West

c£30,000 + Car + Benefits

This UK group continues to expand with a turnover currently approaching £15m. A major subsidiary of a US corporation, its highly profitable core business is the provision of specialist services to a large well established client base.

large well established client base.
Continued growth and long term
planning necessitates the
strengthening of the senior
management team. Reporting to the
Group MD, the position will take full
responsibility for the financial,
computing, administrative and
secretarial matters of the group
together with the development of
financial systems and reporting financial systems and reporting

mechanisms.
The successful applicant will be a qualified accountant who can initiate and implement radical developments in the finance function and participate constructively in running this business. A high degree of commercial awareness together with well developed man-management and communication skills is therefore

Please repty in strict confidence enclosing a CV to Stephen Heap at LINK Management Selection, 5th Floor, Benezil House, Piocadilly Plaza Manchester M1 4DD, Tel: 861-228-2617.



in the music/leisure market and part of a major international Managing a young team of eight and reporting to the Financial

Director, this broad role will encompass acquisition and commercial analysis, as well as responsibility for financial reporting and control. This will involve use of both mainframe and micro computer systems.

Candidates (aged 27-35), will be qualified Accountants, with a minimum of 3-5 years' commercial experience.
Requisite qualities are computer literacy, man-management experience and a record of achievement and success in a competitive environment.

Please apply directly to Richard Carter at Robert Half, Preepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 01-836 3545, or evenings on 0344 885911. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists London - Birmingham - Windsor - Manchester - Bristol - Leeds

APPOINTMENTS ADVERTISING

Appears every Monday, Wednesday and Thursday

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COMPANY NOTICES

MHANGURA COPPER MINES LIMITED (Incorporated in Zimbabwe)-ANNOUNCEMENT OF RESULTS

Ora Millad

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COMMINITY
Whits the total are milled increased by 4%, the recoverable copper declined by 2% due to the mining of lower grade are meaning from several pillar collegees at lifetime and high ditation at Harnin.
Despite the other production problems experienced dualing the year, copper production from the seeder and restricted pillars are reteriory reflected intensess of §4%, and §5%, respectively. These in creases were partly due to a larger than normal amount of copper in process at the end of the previous year and partly to an increase in the purchase and treatment of magnetic from consider course.

Total operating costs at 2009,5 million were nearly 50% higher then the previous year the stately to increased maintainence death of older outplanent, general Inflament on squares and consumables and the acquisition of many executed speaks in the latter belt of the year following as improvement in the cash flow position of the company. The orth sales of pillars depot increased by 3% whilst the language of other and gold increased by 1% and 19%, respectively.

respectively.

Therever for the year associated to 20105,93 million representing an increase of 48,6% over the providue year resulting is a real profit often tension of 2013,6 million completed with 2022,7 million for the previous year. These increases were almost whothy attributable to the unbeatstaint knorease in the setting price of copper which assessed 205,657 per forms for the year compared with 203,600 in the previous year.

The Directors have reconstructed that it would not be product to declare a dividend in view of the uncertainty of future copper price movements and the convent capital supervalance commitments of the company and that the profit is to be reviewed at a later date.

The special report for the year coded 30 June 1929 will be pouled to stabilished easy in November 1969 and the annual general meeting will be held on 26 November 1969.

- OK Now materia

Refined Copper produces

- Gold (kg)

Working profit

Financial Results (ZDXXX)

Appropriations : (Loss) brought forward Profit for the year

London, 14 September 1989 London Otion: 36 Princes Gale Mows, SW7 2PR

Londor: 6 Greencoal Place, SW1P 1PL Johannesburg: 154 Market Street, 2001

Canadian North Atlantic Freight Cor

Canada - United Klagdom Freight

Conference

The figure will continue to be reviewed monthly, but further announcements will be made only when there is a change in the amount of Bunker Adjustment Factor Payable.

Herere 3rd Floar, PAL House, 67 Senare Machel Averse

Earnings per unit of stock (cents)

Retained profit /(Acc

ting and financial results for the year ended 30 June 1989

7 951 8 083 2 707 2 803

10 658 10 886 4 915 4 656

22 005 20 683 16 854 5 151

1989 1988 105 928 71 166 17 454 6 130

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YOUNG ACCOUNTANTS The next step from qualifying

កាស់ ប្រជាជាស្វាស់ មិនប្រើបានប្រើប្រឹក្សាស្វី គ្រឹងប្រើសំបើការប្រកាស់ បែលប្រជាធិការប្រើបានក្រុម ប្រឹក្សាសេខ បា ប្រកួតសហារប្រស្សាស្វី សុខ សេខ សេវី សេវីស្វី សេវីស្វី សេវីស្វី សេវីស្វី សេវីស្វី សែវីស្វី សេវីស្វី សេវីស្វី សេវ

LONDON

The ACA is behind you - what now? If you have decided that your future career path lies in a dynamic commercial environment, perhaps we can help.

Our client needs a recently qualified ACA, to become part of a small team involved in negotiating financial packages with a range of blue chip corporate dients.

You will be given early responsibility for important aspects of the negotiation and will need the energy and enthusiasm to meet seemingly impossible deadlines.

c.£23,000 + CAR

You must also have the personal qualities to work at a very senior level.

The position is the springboard to a wide range of career paths within this major Group and will also carry an. attractive benefits package with a fully expensed car.

Applicants of either sex should telephone for an application form or send a full CV quoting Ref: 1233 to Mike Bennett, Director, Hales & Hindmarsh Associates Ltd., 34A Jewry Street, Winchester, Hampshire SO23 8RY. Tel: (0962) 841851, Fax: (0962) 840436.



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Hales&Hindmarsh

CONSULTANCY - SEARCH - SELECTION

Financial Controller (Director Designate)

C.£35,000 car

Our client is an expanding medium sized group whose major interests are in property development, architecture and construction. Their considerable success has been based on a totally new approach to the commercial property marketplace. They now seek to appoint a Financial Controller to be a righthand person to the Managing Director.

Your broad area of responsibility will include the control of an established accounts department, preparation of group accounts, development funding, systems control, provision of timely reports and Italising with group bankers.

As a qualified accountant (under 38), you are looking for a position which will allow you to influence the direction of the group and shape your own future. Hence a strong personal presence, resilience, high-level communication and eadership skills are essential.

Please write in complete confidence enclosing career details to details to Steven Aity quoting reference SA/2412.



Deboo Executive

102 OLD STREET LONDON ECTV 9AY TEL: 01-253 1216 (24 hrs)

FINANCIAL ACCOUNTANT c£30,000 + Car **City Based**

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The Financial Times proposes to publish this survey on:

6th October 1989

For a full editorial synopsis and advertisement details, please contact:

> Jacqueline Keegan on 01-873 3740

or write to her at:

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NOTICE UNDER SECTION 3(2)(b) ORACLE TELETEXT LIMITED

Office of Fair Trading Branch CP1C Room 429 Chancery House 53 Chancery Lane London WC2A ISP

PUBLIC NOTICES

COMPETITION ACT 1980

Under section 3 of the Competition Aci 1850 the Director General of Fair Trading is to investigate whether Oracle Telescal Limited (the Company) has been or a pursuing a course of conduct which amounts to an anti-competitive practice. The matters

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your technical and management skills.
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Ideally a qualified Accountant, you should possess several years directly relevant experience which demonstrates proven powers of communication and the ability to recognise trends, make decisions and operate within rigid time parameters.

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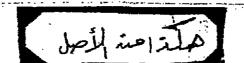
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EXECUTIVE SEARCH AND SELECTION



N/A N/A

LONDON STOCK EXCHANGE

Oil sector leads FT-SE above 2,400

corporate activity helped the UK equity market to move back above the FT-SE 2.400 mark yesterday, but the impe-tus was lost and by the end of the day the market was strug-gling to stay in positive territory. The oil sector provided the lead for the rest of the market after hints circulated in London that BP would turn round was made later announce today the successful. sale of its North Sea assets for

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It was an erratic session, with share prices weaker at first on hints, later confirmed, that the 20.4 per cent stake in Lonno held by Bond Corpora-tion had been sold. A good

Account	t Dealing	Dates
Tirat Declinge: Sep 4	Sep 18	Oct 2
Opera Declarati Sep 14	Sep 28"	Oct 12
Sep 15	Sep 29	Oct 13
Accept Day: Sep 25	Det 9	. Oct 23
New time deals \$40 am two bus	hgit may lake kreen dinya si	pison item pison

when the market took a posttive view of prospects for the BP sale, which could put a new and higher valuation on oil assets. However, the mid-session rise of nearly 7 Footsie points was halved as Wall Street opened slowly and Lon-don waited nervously for news

from yesterday's meeting of the UK Takeover Panel on the Hoylake's £13bn bid for BAT ury car manufacturer, were off-Industries - although no statement is expected immediately. The final reading showed the FT-SE Index at 2,401.5; a net gain of 3.9 on the session. Seaq trading volume jumped sharply to 641.1m shares, but this took in 200m Lonrho shares, with some of the Bond stake of 114.3m shares double-counted.

The renewed speculative interest sparked by the Lonrino development showed itself in several other sectors of the market. Insurance issues were featured by hints of impending A list of interim trading bids among the leading names. reports from leading UK com-panies generally pleased the stock market, the notable exception being that from Britwhile MGM/UA Communications' announcement in New York that it had received a bayout offer turned the UK ish Aerospace, which plunged sharply in heavy trading after securities analysts jibbed at market spotlight on to Rank Organisation, regarded as the nearest similar prospect in

set by renewed bid speculation,

while interim news from

Fisons, P & O, BTR and United

Biscuit were all well received.

good 5.9m shares. Strong over-

behind the rise in Royal Dutch/

profits of £31m against £21.9m

- moved up 8 to 346p. There were hints in the market that

Dewey Warren, which includes

Robert Fraser's merchant bank

interests, was looking to sell

more shares in Morgan, after

having sold a near-5 per cent

Among life insurances, Legal & General were a frac-

tion ahead at 372p after

announcing interim profits of

£76m against £61.7m, and an

interim dividend of 5.2p against 4.5p. Prudential's interim profits were slightly

below estimates but the divi-

dend provided support for the shares which settled only 5

The composites saw specula-tive activity as talk of takeover

bids continued to circulate.

Although dismissed by one specialist as "grossly premature," the bid stories triggered

strong demand for Commercial Union (CU) - where Sun Alli-

ance recently acquired Adsteam's near 13 per cent stake, taking the former's hold-

ing to 14.5 per cent - and

Commercial's shares raced up

forward as a potential counter bidder for CU in the event of a

Sun move. There were wild sto-

ries of an imminent bid for

Guardian Royal Exchange, shares of which climbed 8 to

238p on turnover of 2.7m. General Accident were 10 firmer at

1085p.

News that Mr Alan Bond,

the Australian entrepreneur, had sold his stake in Lonrho

affected the brewer Allied

Lyons, where Mr Bond has a 5 per cent holding. The feeling is that the Australian will have

to sell most, if not all, of his UK holdings, and that it will only be time before he moves

out of Allied. The brewer's shares closed down 4 at 547p

General Accident was put

chunk some weeks ago.

The rest of the oil sector was

Market strategists continued to search for evidence of the current policies of investment institutions following Tuesday's disclosure that Legal & General has been selling equities. Some institutions were picking up stock yesterday morning, causing a squeeze on marketmakers' positions which

helped push the market ahead. albeit briefly. Chart analysts will watch carefully this morning to see if the UK equity sector can rebuild itself solidly above the market-sensitive FT-SE 2,400 mark which has proved such an elusive beacon over the past Blue Circle made good prog-

127.4 (9/1/35) 85.08 99.59 95.21 (13/6) 105.4 (29/11/47) (3/1/75) 1880.6 1981.6 2003.7 1447.B 2008 6 Gold Mines 206.0 (7/7) 205.9 204,9 203.5 1782.8 2443.4 586.9 (3/1) (18/7/87) (23/7/84) 4.02 9.68 12.47 Basis 100 Govt. Secs 15/10/26, Fraed int. 1928. Ord. Div. Yield Earning Yid %(full) P/E Ratio(Not)(소) 9.48 12.73 FT-SE 100 31/12/83. \$ NII 12.21 12.48 12.74 SEAO Bargains(5pm) Equity Turnover(£m)† 29,991 S.E. ACTIVITY 928.69 25,726 443.3 1269.00 31,064 1133.40 28,753 565.5 25,540 406,8 19,162 324.6 Gilt Edged Bargains 615.1 Ordinary Share Index, Hourly of Day's High 1984.0 Day's Low 1973.7 Open 1979. 1 1974.0 1 p.m. 1379.6 5 – Day average Gilt Edged Bargains Equity Bargains Equity Value Dey's High 2404,5 Day's Low 2387.2 FT-SE, Hourly changes

TRADING VOLUME IN MAJOR STOCKS

FINANCIAL TIMES STOCK INDICES

ASDA Frances

Selling wave hits BAe

Institutions beat dealers to the punch in getting out of British Aerospace (BAe) when the interim figures were released yesterday morning. After initially firming a penny, the shares were hit by a tranche of sell orders which sent the price plummeting, marketmåkers leapfrogged each other down to 653p bid before the shares bounced and bobbled, incur-ring at least one backwardation, above 660p again before

settling at 655p, down a net 45 on the day. The volume was 12m shares, exceptionally high for the stock. BAe also topped the list of actives on the traded options market, where contracts for the equivalent of more than 4m

shares changed hands.
At first sight, profits had been in line with forecasts. Closer examination revealed the pre-tax figure included a £34m gain from the flotation of Leyland-Daf, in which BAe has

Mr Ian Wild, analyst at BZW, added that the performance of the weapons division was much worse than expected. He is cutting his forecast for the full-year profit figure from 2310m to £260m, excluding the Leyland-Daf gain. The price fell so much yesterday, he said, that he is recommending the stock as a buy for the first time

in 18 months Mr Sandy Morris at County Natwest WoodMac was even more bullish. You may not get this opportunity to buy at this price again." he said. Mr Morris held his current year forecast steady of \$220m, including the Leyland-Daf gain, and raised next year's from £330m to 250m, to take into account ton Securities, the property operation acquired by BAe in

Bond sells out

Hints that the Bond Corporation's 20 per cent stake in Lon-rho had been sold circulated early in the session, although the two UK market firms involved held back their announcement until Wall Street opened. Smith New Court and BZW split the 114.3m Lonrho shares between them and said at the end of the day that they had placed the entire block with their respec-tive private client lists on both sides of the Atlantic.

The share deals surfaced on the Seaq reporting network in early afternoon when a series of large blocks of Lenrho shares went through at 280p,

with traders speculating that the two UK firms had probably paid around 5p less to the Bond camp. Lonrho closed 11 down at 294p with turnover of 200m shares reflecting double-"A placing of the stock placings.

"A placing of the Lourho stock had been expected," commented Mr Jack Jones at UBS Phillips & Drew; "the speculative interest had already died down." The placing neverthelesses less represents a significant call on institutional cash and the ease with which it was done indicated the weight of

tutional clients. Jaguar hopes

Jaguar fulfilled marketmakers' predictions by rising on news of profits far helow even the most pessimistic of fore-casts. The logic is that poor figures make the company more likely to be subject to a takeover bid when the Government-held golden share expires at the end of next year.

Mr Stephen Reitman, analyst at URS Phillips & Drow sold:

"over-subscribed" by its insti-

at UBS Phillips & Drew said: "The profits this year were of academic interest except in that they underline the problems of currency. Even then they increase the prospects of a takeover attempt." Dealers suggest Ford of the US as one possible suitor. Jaguar shares climbed 20 to 317p on turnover

BP news awaited

The oil sector was among the market's most active areas with dealers awaiting the official news of the reorganisation of BP's exploration and production interests, as well as the flue dividend announcements from Royal Dutch/Shell. But it was speculation about the RP moves that gripped the swap involving Mobil, and talk market. It has been known for that RP is about to make a production assets was immi-nent, along with job cuts and possible asset swaps with US BP shares closed 7 higher at

325p, despite a note of caution injected into the market by Mr Simon Elliston, from the Citi-Simon Elliston, from the Citi-corp Scrimgeour Vickers oil team. Mr Elliston says the impending shake up of the upstream business has helped the performance of BP shares, but he added: "BP remains a yield stock and in its current

FT-A All-Share Index 1200 1150

Equity Shares Traded Turnover by volume (million)



financial condition, even after assuming more asset sales, strong dividend growth is by no means assured.'

Talk throughout the market yesterday suggested that the proposed sale of around \$1.2bn-worth of assets would go to a single buyer. Among a handful of names mentioned as potential purchasers were Repsol, the recently-privatised Spanish group, Mobil, the US oil group and Oryx, the overseas spin-off of US group Sun Oil and controlled by Mr David Walker, ex-head of Britoil. Oryx was the market favourite acquire the BP assets which dealers said would probably consist of BP'snon-operated North Sea acreage. Oryx was said to have been a strong hid-der for the International Thomson assets acquired earlier this year by LASMO.

Specialists also regarded with cardon stories of an asset

the North Sea exploration and lington Resources, the US off group, was mentioned in this connection. A further boost for the oil and gas stocks came via the excellent results from LASMO. "Very good numbers, at the top end of the range," said one analyst. The stock was helped

by some strong buying interest from the US where one broker - Montgomery - was said to have issued a strong buy note on UK oil stocks. LASMO ended steady at 534p. Shell jumped 131/2 to 465p, its

NEW HIGHS AND LOWS FOR 1989

INTER HOME (ISS.
BRITISH PURIOS (2) AMERICANS (2)
CANADIANS (1) EARICS (5) BRITISHES (1)
BRILDONGS (3) CHEMICALA (1)
E-BETTHEALS (3) BRICO, Davis Godiny,
Horrby, London Inth, blackafron, Mersen,
Page (Michael), Sidiaw, BRIJRANCE (2)
PROPERTY (2) SHOES (1) TEXTILES (1)

ON.

BUILDINGS (4) CHEMICALS (2) STORES
SUILDINGS (4) CHEMICALS (2) STORES
(1) ELECTRICALS (3) SMOUSTIRALS (4)
Chestorgals, Delaney, Savage, Spander,
MICTORS (1) PAPERS (2) PROPERTY (1)
SMOES (1) TEXTILES (2) TRANSPORT (1)
TRUSTS (2) OLLS (1) MINES (1) THERD
MARKET (2).

best single-day gain for some months, with turnover at a ress, closing 6 higher at 252p on 16m; dealers said a recent seas buying, apart from the US, was said to have been big selling order had been completed. Redland jumped 9 to 569p following a positive note issued by BZW's building team which believes Redland's share boosted by the prospect that the BP sale could revalue of the UK plasterboard market has reached 11 per cent, up from 7 per cent over the last four months. BZW expects Red-North Sea assets. Clearing banks endured an erratic session. Easier at the outset, the sector rallied around lunchtime but came land to achieve interim pre-tax profits of £97m against £88.2m and to increase the interim dividend from 6.25p to 7.5p.

under renewed pressure during the afternoon following talk of W Canning, a current Smith New Court favourite rose 7 more third world debt problems. The higgest turnover was in Abbey National which held Storehouse edged lower to 148p following a low-key preat 158p.
Kleinwort Benson fell to sentation by the company to a select number of City analyst-sabout the group's long-term plans for the Habitat chain, while Dixons weakened 3 to 157p in the wake of Tuesday's 357p after slightly disappointing interim figures were amounced. They later rallied after the bank initiated a share buying-in programme, and closed a net 5 off at 262p. Morpoor half-year results from rival electrical retailer Comet. gan Grenfell, due to report interims today - Smith New Court is forecasting interim

AB Electronics moved up 11 to 411p, after 413p, after reveal-ing interim results above market expectations. Sema's interims were regarded as disappointing and the shares lost 5 to 395p.

Rolls-Royce sufferered in sympathy with BAe, declining 6 to 193p. Foods group United Biscuits

produced a set of interim fig-ures near the bottom end of market expectations. News of the £75.7m profits for the first six months left the shares a shade weaker at 391p, but well off the low of the day of 383p; the day's turnover was a modest 2.4m shares, although there was some good business in the traded options market.

The results led to a number of downgradings. Mr Carl Short at Kitcat & Aitken has

looped \$5m off his estimate for full year earnings, which now stands at £196m. The foods team at BZW has come down further, now forecasting £193m instead of £203m. Most analysts are recommending investors to hang on to the stock, with the persistent bid speculation clearly in mind.

BTR's figures were rapturously received, drawing such comments from analysts as "super", and "sparkling." Both Mr Mike Murphy, of Warburg Securities, and Mr Angus Blair of Kitcat & Aitken, upped their full year profit forcests from full year profit forecasts from £1050m to £1100m.

Rank Organisation shares were galvanised by news of a bid in the US for MGM/UA, the entertainments group, Analysts played down possible links with Rank. "It's simply the nearest thing we have to a film company," explained one. Rank climbed 973p in the excitement before settling back to 944p, up 24 on the day. Shares in Kwik-Fit leapt

ahead on stakebuilding talk. Favourite among dealers as the possible suitor was retail group Kingfisher, although others mentioned include Tenneco of the US and Mr Carlo de Benedetti, the Italian financier. Kwik-fit shares closed 21½ to the good at 149p. Dealers spoke of an attempt to buy 5 per cent of the Kwik-fit stock at 138p. Kingfisher ended down 5 at

344p, but well above the day's Property group Hammerson were buoved by the bullish support of Hoare Govett, the broker, which is due to bring out a buy note on the stock this week. Hoare has increased its projection for this year's net asset value from £11.50 to £12 a share, primarily because it thinks that as the UK market continues to slow down investors will soon be focusing more of their attention on the overseas assets of Hammerson, 25 per cent of which are in Canada. At the close Hammerson "A" were 5 better at 809p, and the ordinary 4 better at 850p.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

APPOINTMENTS

Senior posts at Coopers & Lybrand

■ COOPERS & LYBRAND, one of the UK's leading firms of management consultants and chartered accountants, has created two new senior positions within its management consultancy services (MCS) practice.

Mr Malcolm Coster becomes executive director in charge of MCS operations, switchi from director heading the

commerce and industry consultancy sector. Mr Ed Straw moves to the post of director of quality for the whole consultancy practice, having formerly been a director within the

government services

consultancy sector. ■ Mr Jeremy Rowe, a director of ABBEY NATIONAL since 1976 and a deputy chairman since 1978, is to retire from the board at the end of October. Mr Peter Davis, who became joint deputy chairman of Abbey last year, will be sole deputy chairman following

Mr Rowe's retirement. ■ PARK TONKS, suppliers of nutritional ingredients to the animal and human food trades, has named Mr Tudor Dawkins business development manager, Mr Dawkins has spent four years at Nottingham University as a lecturer in

agronomy, and since as a technical director with Carrs Miling Industries.

Mr Bryce Mitchell has joined the debt division of KLEINWORT BENSON as the director leading the team dealing with the whole maturity range of non-gilt sterling fixed interest securities. He will be supported by Messrs Colin Archibald, Clive Quinn and Mike Birtwistle.

■ Mr Alexander Muir, formerly of C.J. Lawrence Morgan Grenfell, in New York, has joined the US equities operation of FURMAN SELZ in London.

HIGGS AND HILL MANAGEMENT
CONTRACTING has appointed as directors Mr Nick Parsons and Mr Roy Simkin, both previously divisional directors. Mr Ken Ellis and Mr Jeff Taylor have been made divisional directors.

■ Mr Christopher Dunkerley, formerly with James Capel, has assumed the post of chief executive at DARTINGTON, the West Country merchant

HARDING GROUP, distributors of electrical and engineering products to industry, and producers of pre-cast concrete flooring for house building, has made Mr David Edmonds deputy chairman, combining with his current position of group

John Foster chooses chief for new technical division



mohair and worsted cloth man-ufacturer, has appointed a new director with a specific brief to advance the technical expertise of the company and ass product development as Foster moves into the 1990s.

He is Mr Roger Waddington who has been named technical director in charge of a newly formed technical division. He will be setting up a central lab-oratory for materials, fabric testing, and research and development work.

Mr Waddington has over 20 years experience in the techni-cal side of the business, with 18 years spent at the Drummond Group and two years serving with Thorpe Side Mills.

financial director. Mr Edmonds joined the group in 1984 after having advised Mr Dennis Harding, the chairman, on the early development of the company.

m At A. Brown & Sons, Mr Barold Winton, formerly a director of Woodington, has taken on the new role of chief executive. He remains a director of Berwick Group. Mr John Woolgar has become executive director of A. Brown. He is also a director

of County Hall Securities and

corporate finance experience.

Also joining the A. Brown

has extensive City and

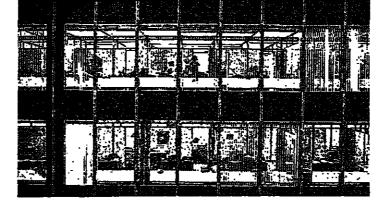
board are Mr David Kleeman, a director of Spong Holdings and Bridgend Group, and Mr Geoffrey Knight, a solicitor, who has held senior appointments with Morgan Grenfell and Cannon Street

m EAGLE STAR announced that Mr John Heaton, divisional director, UK general insurance division, will be retiring from the company

Ms Clare Whitley has assumed the post of finance director of SAATCHI & SAATCHI ADVERTISING INTERNATIONAL

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Sugar trade awaits

Brazilian move on

export authorisation

Brussels seeks dairy hormone moratorium

By David Buchan in Brussels

THE European Commission yesterday proposed a 15-month delay in the use in the Community of bovine somatotropin (BST), a hormone designed to stimulate milk output in cows, to allow further evaluation of the product.

The move, which has to be approved by EC governments, will cause a clash with the US administration. The latter opposes the moratorium plan as likely to prejudice in the EC. and maybe even in the US. the outcome of current scientific studies on both sides of the Atlantic into the merits of

BST. Mr Clayton Yeutter, the US

might ban on non-scientific grounds one of the first major biotechology products which pharmaceutical companies are requesting permission to market. "This would be a bad precedent, and would discourage research of an unbelievable potential to benefit mankind," he said.

The Commission has been spurred into proposing a delay on any BST authorisation in the Community until the end of 1990 by a variety of factors. They include health concerns about the use even of a repro-

Agriculture Secretary, last week deplored what he saw as the possibility that the EC Europe needs to produce less. not more, milk, and worries about fragmentation of the EC farm market.

The particular spur to Brussels' action has been the requests which drug companies made as long ago as 1987 to the British and French authorities to start selling BST. Under present EC law, it is up to individual member states to authorise animal products like BST, after receiving an opinion from an EC committee of veterinary experts. Study of these two requests by this committee is "at an advanced stage," the

Commission said yesterday. Without a common timetable on the evaluation of BST, the product might be marketed in two EC states, but not the

other ten. After talking to Mr Yeutter last week, the Commission said yesterday that it was improhable that the Food and Drug Administration would take a decision on use of BST in the US before mid-1990. Washington's concern, however, is less about different evaluation timetables than the possibility that anything smacking of an EC ban, albeit temporary, might prejudice Americans against BST. There are already

some stirrings of consumer resistance in the US to the hor-

Mr Ray MacSharry,the EC farm commissioner, said yes-terday that his proposal for a common EC evaluation period for BST was not intended to restrict any imports of BST or products treated with it. The EC and US are already in a trade war stemming from a Community ban on meat treated with conventional hor-

The Commission promised to produce a a further report on BST to the EC Council and European Parliament by October 1990.

Another slack year for set-aside

By Bridget Bloom, Agriculture Correspondent

area under cereals.

which price reductions would be triggered under the reforms introduced to the common

rates of payment and the gen-eral unpopularity among farm-ers of a scheme which leaves

The EC has set an upper limit of about £400 a hectare.

Germany pays near to the limit, Britain about £200 a hect-

are and France up to £150 a

hectare. France is planning to increase its payments by

around 25 per cent this year to

variant to its scheme this year,

since farmers in selected areas

are now eligible to receive

are now engible to receive top-up payments for managing their set-aside in an environmental friendly way.

Sir Derek Barber, chairman of the Countryside Commission, which is administering the top-up scheme, said initial response had been good, with

58 farmers applying for grants

amounting to just over £200,000. The budget for top-up has been set at £400,000 for the

current year.

attract more farmers. Britain is also introducing a

land derelict and unkempt.

agricultural policy in 1988. Among the reasons suggested for the poor response of farmers have been

anxiously awaiting a decision by the Brazilian Congress to THE European Community's recommence sugar exports.
Sales have been virtually embargoed this year because of worsening domestic shortages scheme to pay farmers to take arable land out of production looks like being no more popular this year than it was last. of both sugar and fuel alcohol. But Congress could today approve deregulation of sugar exports for the first time in 50 Britain's Ministry of Agricul-ture has announced that only just over 1,400 farmers have applied for the so-called set-

aside scheme this year, compared with 1,750 last year.
According to the Ministry, a total of 110,000 hectares willenter the scheme this year.
With the land taken out of production last year this amounts. years.
Traders said yesterday that
the market was hoping for
immediate authorisation to export 400,000 tonnes to 500,000 tonnes of sugar.

In June, the Government abolished the Sugar and Alcohol Institute's role as sole duction last year, this amounts to about 3 per cent of the total

area under cereals.

The set-aside scheme was introduced with considerable publicity last year as one arm of an EC-wide policy designed to curb over-production and spending. But the take-up in all the major cereal growing areas has been disappointing. Overall figures for the current year are not yet available but agent for Brazilian sugar exports, allowing individual producers to sell sugar directly on export markets. However, the shortage of sugar and fuel alcohol, which is distilled from sugar cane, forced the Govern-ment to block sugar exports in Angust. Congress has until midnight year are not yet available but last year some 9,000 West Ger-

tonight to approve or reject the Government's decision. Mr Reynaldo Alcantara, an export analyst at the Sao Paulo sugar and alcohol co-operative Copersucar, said "the 14th of September will today be a critical day." He explained that if the measure is not approved, sugar exports could be freed

last year some 9,000 West German farmers, the highest number for a single member state, entered the scheme. The French took out only 15,000 hectares, 0.1 per cent of the country's total cereal acreage. Set-aside has barely touched by the state of the country and the barely touched by the set aside has barely touched by the set as cereal production. Helped by good weather, this year's cereal harvest in the UK looks from all government control. That would lead to a stampede like being some 8 to 10 per cent for export markets, since world prices are paying roughly 50 per cent above domestic proup on last year, at between 22m and 23m tonnes. French yields are also up, although the total EC harvest is still being estimated at around 160m tonnes – the figure above ducer prices.
Tight government price con-

trols, introduced to rein in

By John Barham in Sao Paulo inflation of 30 per cent a month, have driven real prices slightly below the cost of pro-SUGAR TRADERS are duction. However, if Congress does not approve the export suspension, the Government could issue a new 30-day order restricting exports.

Traders are not sure whether Brazil will be able to meet its new US import quotas, raised slightly on Tuesday to 274,375 tonnes. The US pays prices substantially above the world A Rio de Janeiro trader said

"we are in a very delicate situation. We don't know what is

going to happen."

Low prices have led to a steady decline in production of sugar cane over the years, causing recurrent shortages of sugar and alcohol, which fuels many Brazilian cars.

This year the Government has ordered a 14 per cent increase in alcohol output to 13.3m litres and a 14 per cent decrease in sugar output to 8.4m tonnes. But Brazil cannot raise domestic sugar and alco-hol prices to international lev-els and thus balance supply and demand, because motorists would convert their cars back to petrol, which costs about half as much to produce as

The Brazilian market is eagerly awaiting the next European Community alcohol sale on September 25. SAB Trading, a Brazilian company, bought 100m litres of EC alcohol in August and says it will bid again at the coming auction.

Law of the jungle in Brazil's tin 'klondike'

John Barham visits the prodigiously rich Bom Futuro mine in Amazonia

THE BOM Futuro cassiterite mine in Brazil's Amazonian jungle is still the scene of daily knifings and shoot outs among its 45,000-odd hard drinking and low-living freelance miners. But overnight fortunes earned from digging lumps of almost pure cassiterite from the ground have become a thing of the past.

The open cast mine's once fantastic yields of cassiterite, which is processed to make tin. have dwindled. The fiercely independent miners are leaving in droves to search for more promising mines in other parts of the jungle. With the exodus, Bom Futuro is entering a decisive new phase. Near anarchy is giving way to structured businesses run by former miners who have become hard-nosed entrepreneurs. In 1987 loggers discovered

cassiterite deposits in an area being explored by Paranapanema, Brazil's largest cassiterite mining company. The deposits turned out to form one of the richest mines in the

The discovery sparked off a Klondike-style tin rush. Within weeks, 10,000 garimpeiros, as the independent miners are known, were swarming over the area and Paranapanema effectively lost its claim to the Today Bom Futuro (which

means Good Future in Portuguese) is a huge clearing in the rainforest studded with craters and threaded by a labyrinth of makeshift roads that shake as heavy trucks laden with cassiterite-rich soil roar by. Flimsy shacks house the miners, and their bars, cinemas and brothels and unsanitary conditions make the mine a breeding

Bom Futuro into an environmentalist's nightmare. A handful of former miners who made their fortunes during the boom days at Bom Futuro are buying

out the less successful miners' claims. They are transforming rudimentary operations into companies that use bulldozers and mining equipment instead of human labour to process the

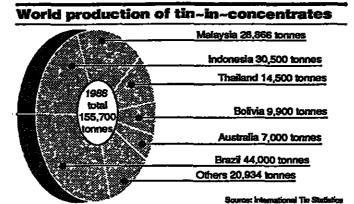
In 1988, during the mine's first full year of production, output was put at between 16,000-18,000 tonnes of cassiterite. There are no reliable estimates for this year's produc-

The discovery of the Bom Futuro deposits and of Pitinga, another supermine operated by Paranapanema further to the north, have helped to make Brazil the world's biggest tin producer. But the fabulous cassiterite deposits presented Brasilia with a thorny diplomatic, and political dilemma. From time to time the ungovernable Bom Futuro mine's prodigious output threatened to disrupt world supplies and prices and undermine the "sup-ply rationalisation scheme" operated by the Association of Tin Producing Countries

The Brazilian Government realised that the miners could not be dislodged from Bom Futuro without bloodshed. Yet failure to enforce the ATPC's export quotas would damage Brazil's image as a champion of Third World interests.

Brazil has observer status at the ATPC but accepts its export ceilings. Last year the cartel increased Brazil's quota by 11 per cent to 29,500 tonnes as world supplies narrowed and Bom Future's output increased unexpectedly. Paranapanema itself borrowed 2,500 tonnes of Bolivia's unfilled tin quota to export its surplus production.
The Government decided to

allow the miners to remain. Voracious bulldozers eat But to avoid overshooting the way at the forest turning ATPC export quota, it ordered companies to buy all Bom Futuro's production, even if that meant reducing output from their own mines. Paranapanema bought Bom



Futuro's cassiterite and then shared it out among other exporting companies. Thus companies have to stop and start their operations to soak up production from Bom

the French Government-owned chemicals group which has three cassiterite mines in Brazil, is currently buying 40 per cent of its 2,100-tonne annual quota from Bom Futuro. This year, the ATPC has awarded Brazil a 31,500 tonne export quota - 7 per cent more than in 1988 and only slightly less than Malaysia's, the leading tin exporter.

Meanwhile the Government's tidy arrangement has broken down and the Bom Futuro garimpeiros are selling cassiterite on the open market. But the threat to price stability is now receding as control of the mine falls into more responsible hands and yields decline. Although miners are still

getting 5kgs of cassiterite per cubic metre of sludge, a quarter of what they used to get but still an impressive grade. profitable operation.
Eventually, mining executives believe, Paranapanema

will be able to regain control of

Bom Futuro as yields fall

most companies now operating there. The company should still be able to turn a profit with yields two-thirds below Bom Futuro's present levels. It reveals no data on yields at its For instance, Rhone Poulenc, extremely rich mine at Pitinga, from which it produces half Brazil's tin. Paranapanema became the

darling of the Brazilian stock market following its discovery of the Pitinga mine, which is believed to have yields similar to Bom Futuro's. The difference, of course, is that Parana-panema's world class operation has recovery rates never dreamed of by the primitive miners of Bom Futuro. However, Paranapanema

below the break even points of

will be responsible for clearing up the mess left behind at Bom Futuro. The Government requires environmental impact reports that detail recovery plans and techniques for mines before authorising operations anywhere in Brazil. The miners have not taken any steps to protect the environment or to recover the severly degraded soils. On the contrary, they continue to destroy the forest dumped untold quantities of sludge into the nearby Rio Candeias, destroying all life in

It is fortunate that the

WORLD COMMODITIES PRICES

toxic materials to process the ore. Gold miners burn mercury to purify the gold, and have already severely polluted several of Amazonia's rivers.

ssiterite miners do not use

The State Government tried unsuccessfully to close the mine until adequate environmental safeguards were implemented. Now it has begun trying to move processing operations away from the river and some companies at Bom Futuro have been made to build decantation lakes to stop sludge flowing into the Can-

The garimpeiros complain bitterly that such environmen-tal controls will put them out of business, but the mining industry would shed few tears

 Brazil's main tin producer has pledged it will try to per-suade its Government to join the Association of Tin Producing Countries, claims a Malaysian tin operator, reports Reu-ter from Kuala Lumpur. Mr Ibrahim Menudin, chief

executive of Malaysian Mining Corporation, said Mr Ocdavio Cavalcandi Lacombe, chairman of Paranapanema, would urge Brazil to join the ATPC. "He said he would lobby his Government to join ATPC

when I met him in Brazil recently. For the first time we see a positive response by Paranapanema, the world's largest tin mining company," Mr Ibrahim said.
"I am hopeful that Mr Lacombe will convince his

Government to attend the ATPC Conference of Ministers in Bangkok as a member and address the meeting, he An official at Brazil's For-

eign Ministry said in Rio de Janeiro last week that Brazil did not plan to join the ATPC.
"Brazil has systematically refused to join. It is satisfied with its observer status under which it has been following ATPC recommendations in the market." he insisted.

Broker sees 3.2m-tonne shortfall in world crop

By David Blackwell

WORLD SUGAR production the potential fall in demand will again fall short of con-sumption in the 1989-90 season, leading to a further drawdown in stecks, according to the first estimates for the coming year by Gill & Duffus, the London

Gill estimates that production will be just over 1m tonnes ahead of last season at 105.5m tonnes. Consumption will be 3.2m tonnes more than production at 108.7m tonnes, compared with 107.2m tonnes

The London trade house's first estimates for the coming season follow last week's esti-mates from E.D. & E. Man of production at 107.1m tonnes, and consumption at 109.5m

While the expected reduction in stocks can be taken as a bullish factor, G & D says several factors need to be

taken into account, including

from less developed countries deterred by high prices. It points out that the forecast for consumption is more indicative of the level of demand than of actual off-

"Given the forecast tight supply situation and therefore the likelihood of further increases in prices we would expect to see a tightening of belts which will lower the final estimate of consumption." says the report. Of particular interest would

be the response of countries such as India, which looks as if it will become a net importer again, and China, which is struggling with a further expansion in its domestic supply/demand deficit Nevertheless G & D expects

values to exceed the highs of last year, with the whites market particularly strong.

LONDON MARKETS

decline on the LME, reflecting the fail in Malaysian prices and a lack of consumer offtake of physical metal taking the fall this week so far to \$440. Zinc prices, in contrast, drifted higher throughout the day as some merchant buying was apparent. While the market has found mild support for the last two days, traders said they remained al that it would recover much from its recent tumble. International Lead and Zinc Study Group figures yesterday showed that western world oducer stocks of zinc increased 20,000 tonnes by end-July compared with the previous month. Western producer lead stocks, however, fell 10,000 tonnes in the same period. Lead prices closed near session highs as the market continued to find support in the tightening supply situation.

SPOY MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubei	\$15.60-5.95w	+.075
Brent Blend	\$17.95-8.05W	+0.10
W.T.1 (1 pm est)	\$19.96-0.00w	+0.25
Oil products		
(NWE prompt delivery per to	onne CIF)	+ 07 -
Premium Gesoline	\$205-207	
Gas Oil	\$172-173	+3
Heavy Fuel Oil	\$86-86	+2
Naphine	\$156-158	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)-	\$358.25	-0.50
Silver (per troy oz)	508c	
Platinum (per troy oz)	\$474.25	+0.05
Palledium (per troy oz)	\$135.45	-0.05
Aluminium (free market)	S1720	+10
Copper (US Producer)	131 %-137c	
Lead (US Producer)	40.5c	
Nickel (free market)	490c	
Tin (Kuala Lumpur market)	22.38r	-0.62
Tin (New York)	378.5c	-10.0
Zinc (US Prime Western)	82 % c	
Cattle (live weight)?	114.219	-2.09
Sheep (dead weight)†	135.28p	-15.5°
Pigs (live weight)†	100.61p	+4.82
London daily sugar (raw)	\$346.0v	+13.8
London daily sugar (white)		+1
Tate and Lyle export price	£338	+9
		<u> </u>
Barley (English feed)	€108.25×	
Maize (US No. 3 yellow)	£126	+1
Wheat (US Dark Northern)	£128.5t	_
Fubber (spot)♥	59.5p	
Rubber (Oct)♥	62.5p	
Rubber (Nov)♥	63.25p	
Rubber (KL RSS No 1 Oct)		+ 1.5
Coconut ail (Philippines)§	\$495v	
Palm Oil (Malaysian)§	\$315w	
Copra (Philippines)§	S295	
Soyaboans (US)	£178	-1
Cotton "A" Index	81.05c	-0.35
Washes (64s Super)	600a	-4-40

C a tonne unless otherwise stated, p-pence/kg c-cents/lb. r-ringgst/kg. y-Oct/Nov z-Oct/Dec r-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commission average fatslock prices, " change from a week ago. \(\psi\)London physical market. \(\frac{4}{2}\)CIF Rotterdam. \(\phi\) Builion market close, m-Meleysian conta/kg.

	Close	Previous	High/Low	
Sep	760	770	780 780	
Dec	816	827 793	839 811	
Mar May	782 789	800	802 778 808 787	
Jul	804	813	810 801	
Jul Sep	818	826	835 816 881 859	
Dec	843	853	881 859	
Тилточе	r: 5673 (2	705) lots o	10 tonnes	
ICCO III	dicator p	nices (SUR	s per tonne (8) :10 day :	j. Oaily
tor Sep	13 941.42	(941.93)	qui .iu uay .	arol cyc
	Z - Lond			£/топре
	Close	Previous	High/Low	
Sep	780	780	763 749	
Nov Jan	791 778	779	790 782 781 787	
Mar	776 785	781 798	793 778	
May	799	818	812 793	
<u>_</u> w	819	840	836 816	
Sep	844	865	855 835	
Turnova	r. 5708 (3	991) lots of	5 tonnes ents per pou 72.48). 15 de	
Sep 12	Come. di	Des (US Ci auly 68.25 ∩	ияць ренг роц 72.48), 16 ds	M TABL
age 70.3	0 (70.27)			··
SUGAR	- Londs	n FOX		r tonne)
Raw	Close	Previous	High/Low	
Oct	309.20	308.00	310,00 306.	
Dec	306.60	302.20	304.00 304.0	20
Mar	297.40	294.00	297.40 293.4	40
May Aug	291.40 287.00	288.00 284.00	290.00 288. 286.00 285.	100 100
Oct	279.00	276.60	279.00 278.0	
White	Close	Previous	High/Low	
<u>oa</u>	420.00	418.50	423.00 386.	
Dec	391.50	388.00	392.50 387.6	00
Mer May	389.50 386.00	365.50 362.00	369.50 365.6 365.50 363.9	SO SO
Aug	363.00	369.00	363.00 381.0	
Turnove	r. Raw 6	064 (5757)		tonnes.
White 15	542 (1374)			
Pans- W Mar 247	Mite (FFr 5. May 24	per tonne): 150. Aug 94	Oct 2802, Do 45, Oct 2400	sc 2609, 1.
CHUDE	OFL - IP			/barrel
	Close			_
Nov	17.76	17.68	17.79 17 17.62 17	.62
Dec Jan	17.59 17.50	17.53 17.41	17.62 17. 17.45	.ə i
IPE Inde		17.70	17.40	
Tumove	r: 4856 (4	590)		
GAS OII		-		\$100ne
	Close	Previous	High/Low	
Oct	168.50	166.50	168.50 165.0	<u></u> ,
Nov	166.00	184,75	T65.75 163.2	ŝ
Dec	164.50	163.75	184.50 162.0	00
Jen	162.50	161.00	162.50 159.5	
Feb	159.00	157.25 153.00	159.50 156.0 155.50 155.0	
Mar Apr	155.00 153.00	152.00	153.00 152.0	
npr May	153.00	150.00	140.44 142-4	~
Jun Jun	150.00	149.50	150.00	
Turnovei	6128 (61	64) lots of 1	00 tonnes	

very definite imbalance between supply and demand. Wool production and offerings at demand. Wool production and offerings at auction are up, while many user countries are passing through a saxtile recession, and Chine's absence from the market is of major importance. Prices are held up by grower support. The Australian wool corporation in particular is taking in anything from a third to meanly a half of the offering at each sale. Prices here ought to be higher to match currency reses but the market position is leeping quoted prices for tope at around 600p a kg for 84s super and 410p for 48s average.

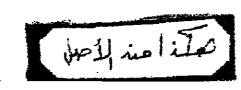
LONDON	METAL	EXCHA	HGE	{1	Prices supplie	id <u>by Amalgeme</u>	ted Metal Tradin
	Close	F	revious	High/Low	AM Office	al Kerb close	Open Interes
Aluminiu	m, 99.7%	purity (\$	per tonne)			Ring tu	mover 6,550 tons
Cash 3 months	1720-5 1716-7		717-20 710-2	1725/1708	1718-20 1711-2	1707-10	31,419 lots
Copper, C	Grade A (2 per tonr	He)			Ring turn	nover 25,875 ton
Cash 3 months	1875-7 1886-7		887-8 875-6	1858/1857 1866/1842	1856-7 1847-8	1864-5	71,829 lots
Lead (£ p	er tonne)					Alog tur	nover 10,375 tons
Çash 3 months	461-3 453-3.5		51-2 45.5-6	462/456 454/446.5	458.5-9 451-2	453-4	11,779 lots
Nickel (\$	per tonne)				Ring tu	mover 1,044 ton
Cash 3 months	10775- 10650-		0700-75 0525-75	10800/1070 10750/1045		10700-60	5,401 lots
Tin (\$ per	(etance					Ring t	urnover 860 ton
Cash 3 months	8160-80 8250-5		400-25 475-500	8220/8210 8350/8250	8210-20 8270-80	8250-80	5,541 fots
Zinc, Spe	ciel High	Grade (5	per tonne)			Alng tu	mover 6,875 ton
Cash 3 months	1625-31 1623-5		505-15 605-10	1630/1615	1623-5 1615-7	1620-5	13,191 lots
Zinc (\$ po	er tonne)					Sting turn	cover 10,060 ton
Cash 3 months	1580-90 1570-5		566-75 550-60	1585 1575	1585-90 1575-80	1570-80	6,669 fots
LIME Clos SPOT: 1.5	ing 9/3 n 535		months: 1.53	50	6 months: 1	1,5160	9 months: 1.50
	43 ~ 67			£/torme	LONDON BU	LLION MARKE	r
		Previous	High/Low		Gold (fine oz)	\$ price	£ equivalent
Nov Feb	138.6 163.5	140.0 165.0	139.0 138.0		Close	358-358 ¹ 2	230 ¹ 2-231

	ÇIDSƏ	Previous	HIGH/LOW
Nov	138.6	140.0	139.0 138.0
Feb	163.5	165.0	
Apr	217.0	218.5	218.0 218.5
May	243.0	245.0	243.0 242.5
Тштюч	er 163 (30	(3) lots of 4	O torines.
SOYAL		AL - BPE	£/torine
	Close	Previous	High/Low
<u>0a</u>	150.00	148.00	
Dec	150.00	149.50	149.00 147.50
Feb	151.00 151.00	151.00 151.50	150.00 149.50 150.00
Apr			
Turnow	er 79 (14)	lots of 20 to	onnes,
PRETICE		RES - 6F1	
	Close	Previous	High/Low
Sep	1435	1452	1440 1430
Oct Jan	1500 1560	1528 1580	1513 1498
Jen Apr	1596	1616	1557 1558 1601 1595
Jul	1415	1409	1409
BFI	1437	1440	
Turnove	r 701 (31	3)	
CRAIN	S - 8FE		£/tonne
Wheat	Close	Previous	High/Low
Sep	103.40	103.90	103.65 103.50
Nov	108.35	106.75	106.60 106.30
Jan	170.35	110.75	110.50 110.30
Mar	113.20	113.55	113.40 113.15
May	118.10	119 50	116.35 116.10
jun	117.75	118.00	117.75 117.70
Barley	Close	Previous	High/Low
Sep .	99.9Q	100.25	100,10 99,96
Nov	102.75	103.50	103.35 102.75
Jan	105.70	107.60	107.20 107.15
Mer	109.75	110.65	
May.	112.00	112.60	112.40 112.00
Turnave	r Wheat	403 (377). 1	Barley 117 (126).
• PLUGAE	- 1013 01	100 tonnes.	
PICS -		(Ce	ish Settlement) p/kg
	Close	Previous	High/Low
Oct	129.0	128.0	128.5
Nov	130.0	129.5	129.5
Feb	119.5	119.0	

Apr	119.0	118.5 lots of 3,25	118.5

de (5 ;	per ton	пе)				Pilny) WITH	over 6,	75 top	ne
16 16	05-15 05-10		1630/1615	1623-5 1615-7	. 1	620-5		13,191	lota	
						Ring	turno	ver 10,0)60 ton	ne
	566-75 550-60		1585 1575	1585-90 1575-80		570-80	i	6,660	lots	_
3 п	nonths	1.535	0	6 months:	1.5160			tnom e	ns: 1.50	104
			E/lorate	LONDON BU	ILLIQI		KET			٠.
vious	High/			Gold (fine oz	\$ prk	20		£ equiv	alent	
0	139.0	138.0		Close	355-3	58 ½		230 4-2		
5		216.5		Opening Monting fix	359-3 358.8	59 ¹ 2		231-231 230.933	2	
0	243.0 O tonne	242.5		Afternoon fix	358.5			230.324		
3 (1) -				Day's high Day's low.	359-3 355-3	281 ² 281 ²				
BPZ			E/tonne ·							_
vious	High	Low		Colms	S pric			2 equive		_
00 50	140 0	147.		Mapieleaf Britannia	366-3			235 ½-23 235 ½-23	18 ¹ 2	
00	150.00	0 149.5	50	US Eagle	386-3	71		235 b-23	1812	
50	150.00			Angel Krugerrand	367-3 357-3			236 4 -22 230-232	19 ¹ 2	
20 to	M163,			New Sov.	8412-4	35 ¹ 2		544-85		
- BF	S	10/Inde	ex point	Old Sov. Nobie Plat	84124	85½ 5-487.5		54 4-55		
hous	High			MODIA LIST	410.6		•	308.85-3	13.75	
2	1440	1430		Sliver fix	byjius	OZ		USCHL	adnin	
;	1513 1567	1498 1558		Spot	327.2			507.90		
}	1601 1409	1595		3 months 6 months	338.50 349.80			519.20 530.35		
í	1409			12 months	372.2			553.45		
				TRADED OPT	10HS					_
			£/tonne	Aluminium (9	9.7%}	G	alts "		Puts	_
rious	High/I	Low		Strike price \$	toene	Nov	Jan	Nov	Jen	▔
90		103.5		1600		133	129	9	25	_
75 75		108.3		1700 1800		82 21	89 32	36 94	62 122	
56 50	113.40	113.1	15	Copper (Grad	- 41		 el/s	ننت		-
00		5 116.1 5 117.7		2750	= ~,				Uta	
				2750 2900		195 111	165 102	68 . 122	133 216	
lous	High/l			3000		72	72	182	282	
25 50		99.6 102.7				Mari		No.		_
60		107.1	15	Coffee		Nov	Jan	Nov	Jan	_
65 60	119.40	1120		750 800		62 35	81 67	22 45	54 80	
<u>~_</u>	arley			850		17	40	77	113	
nnes.	ALL HOLY	in ti		Cocoa		Dec	Mar	Dec	Mar	_
IC.	sh Gar	.	nt) p/kg	750		77	75	12	44	_
lous	High/I	_		800 850		45 23	51 85	30 58	70	
3	128.5					<u>د</u>	-		104	_
Š	129.5			Brent Crude 1700		Nov 95	Dec 98	Nov 18	Dec	-
<u> </u>	118.5			1750		55	69	31	61	
4 3,250	0 kg			1800		29	45	54	88	

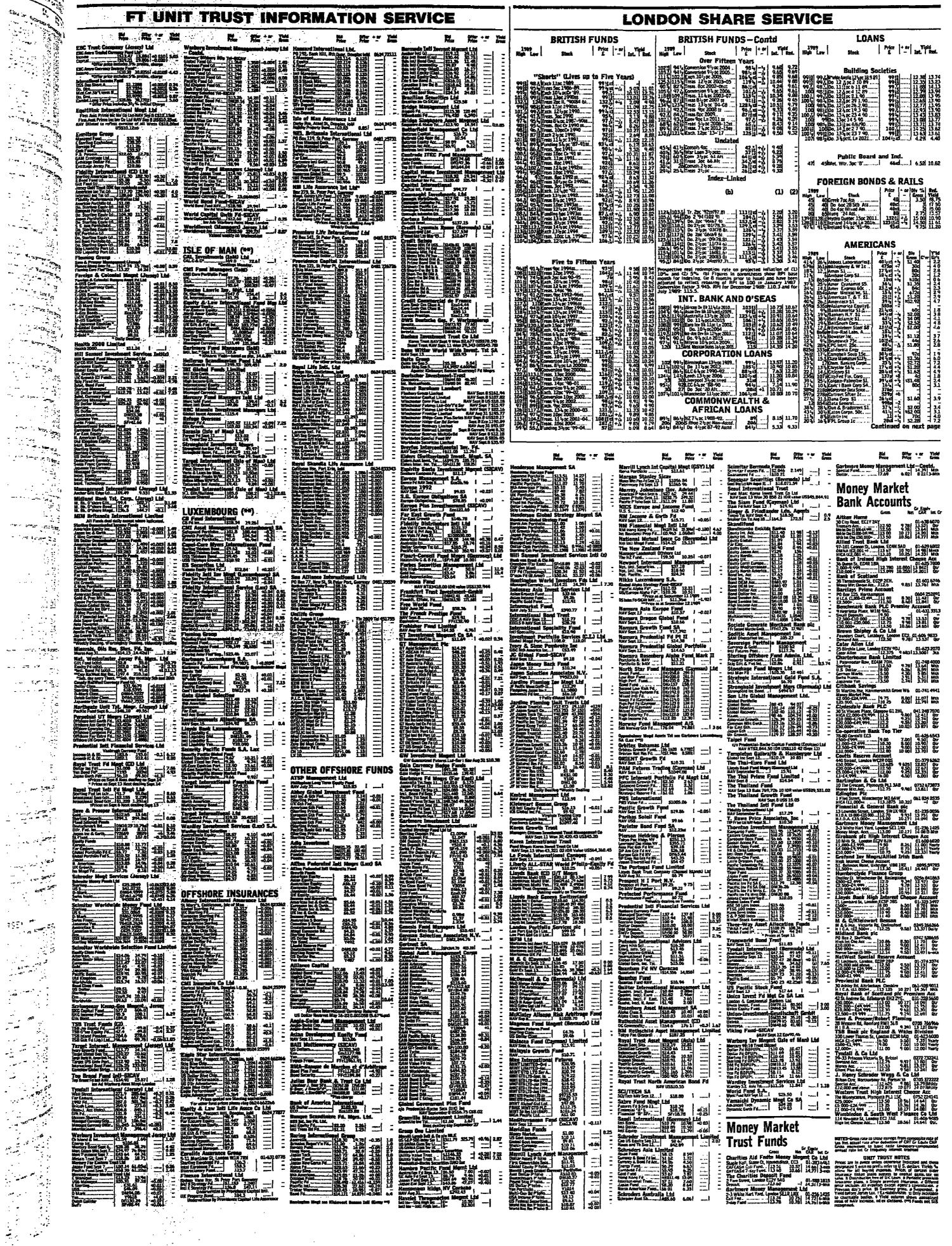
US MARKETS CRUDE Oil (Light) 42,000 US gaths \$/barrel Chicago Latest Previous High/Low IN THE METALS, gold, silver and 19.70 19.37 19.18 18.90 18.85 18.76 18.61 18.55 18.49 19.96 19.61 19.40 19.19 19.05 18.96 18.73 18.85 18.83 platinum repeated Tuesday's slow action, reports Drexel Burnham 20.03 19.65 19.42 19.19 19.05 18.96 18.73 18.69 18.63 SOYABEANS 5,000 by min; cents/60th bushel Lambert Copper prices gained 150 points basis December from some 584/0 573/0 582/4 593/0 602/0 806/0 596/0 584/0 red technical buying. In the softs 582/0 800/0 611/6 619/0 622/0 610/0 596/0 eucar futures firmed up on the close was choppy following Tuesday's sharp decline. Cocoa fell after bearish news from the current ICCO meetings. Heavy switch activity was also noted. The HEATING OIL 42,000 US galls, cents/US galls grains all closed lower as commission houses were active sellers. Sell stops Latest Previous High/Low SOYASEAN OIL 60,000 fbs; ourist/fb 5505 5965 5720 5665 5570 5180 6080 4980 4940 18.38 18.49 18.91 - 19.15 19.54 19.91 20.21 20.15 5646 5625 5625 5170 5060 4960 4920 lost 1012 cents while December com 18.45 18.90 tell 9½ cents. The livestocks all closed mixed with mainly local activity. Cotton rallied from good trade support and 20.35 local short-covering. The energy complex had a strong technical raily as 20.50 prices soured over the 20 dollar level SOYABEAN MEAL 100 tons; \$/100 in October crude oil. Heating oil and COCOA 10 ton gasoline gained as well from spillover Previous High/Lon 204.3 189.6 184.7 183.2 182.7 181.7 179.5 178.0 206.9 193.8 189.3 188.2 187.2 185.7 184.0 182.0 Close Previous High/Low **New York** 1067 1067 1078 1090 1123 1104 1151 1110 1114 1104 1173 1151 1134 1180 GOLD 100 troy oz.; \$/troy oz. 359.5 361.1 363.0 364.8 368.8 372.8 0 361.4 0 365.3 369.0 373.0 377.5 381.5 0 360.2 0 363.9 868.5 372.8 376.3 381.5 369.9 361.3 363.2 365.0 369.0 373.0 377.2 381.3 385.6 MAIZE 5,000 bu min; cents/56tb bushe Previous High/Lov COFFEE "C" 37,500fbs; cents/fbs Close Previous High/Low 229/0 236/2 241/4 80.80 79.90 82.38 84.70 86.95 88.05 92.00 81.40 80.03 83.09 85.36 87.25 89.25 92.00 us High/Lon 477.1 474.0 480.8 483.8 482.0 487.0 468.8 473.0 472.4 475.0 475.2 478.1 478.9 481.9 484.4 487.9 Close 384/6 385/6 375/4 347/0 351/0 SUGAR WORLD "11" 112,000 lbs; cents/lbs 14.07 13.10 18.40 13.08 12.86 12.58 13.95 13.10 13.29 13.00 12.74 12.47 High/Low 508.9 513.3 517.2 520.3 520.7 538.6 644.6 552.9 564.6 Close Previous High/Low 509.4 513.8 Sep Oct Dec Feb Apr Jun Aug 69.10 72.02 73.40 72.96 73.92 71.75 70.07 69.10 72.22 78.25 72.90 73.77 71.67 70.02 517.7 618.5 613.6 530.0 537.5 546.5 554.2 585.5 COTTON 50,000; cer 71.77 72.76 73.80 74.60 74.60 68.50 66.35 73.40 74.40 75.40 78.15 76.10 69.80 67.50 73.70 74.60 75.45 78.15 76.10 70.40 67.50 COPPER 25,000 lbs; cents/lbs Previous 75.00 75.30 69.50 39.75 41.27 42.57 40.42 46.50 46.12 44.77 41.85 Oct Dec Feb Apr Jun Jul Aug Oct 39.20 40.90 42.15 40.05 45.90 45.90 44.75 41.66 130.50 133.00 0 0 126.15 124.80 DEDICES ORANGE JUICE 15,000 lbs; cents/lbs REUTERS (Base: September 18 1931 - 100) Close Previous High/Low 159,60 143,80 140,50 139,75 139,00 138,25 138,00 Sept 12 Sept 11 minth ago yr ago 159,80 143,95 140,80 139,75 139,00 138,25 138,00 137,75 190.10 199.50 144.25 143.50 141.26 140.50 140.00 189.75 130.20 188.00 0 0 0 1906.7 1906.9 1887.9 1971.3 Close DOW JONES (Base: Dec. 31 1974 - 100) 46.57



FINANCIAL TIMES THURSDAY SEPTEMBER 14 1989	FT UNIT TRUST INFORMATION S	SERVICE	Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128
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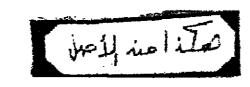
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223 1900htom & Bulle 5.9 215 5.8 3.4 3.8 10.0 22 115 lecome Ridge 1. V 25 215 5.8 3.4 3.8 10.0 22 115 lecome Ridge 1. V 25 215 5.8 3.4 3.8 10.0 22 115 lecome Ridge 1. V 25 215 5.8 3.6 4 5.4 0 3.4 1200kynoch 6.8 6.8 V 25 25 5.5 4.4 2.8 10.0 23 6.7 138 Payrong Commun. V 215 133 1.9 3.0 11.4 290 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.0 2.	7. 30 24 (No. 1) Septians for 109 y 29 0.30 1.3 1.6 23 15 14 (No. 1) Septians for 109 y 25 1.2 1.6 23 15 14 (No. 1) Septians for 100 y 25 1.2 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6	313 224Wests. Moding 50c 3201 -4 1023d 1.4 3.5 Tins 45l 35kAyer Hitam SM1
	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound await data

MOST CURRENCIES marked time yesterday ahead of the release today of important economic data both in the US and the UK. The dollar failed to make any serious attempt to break through the DM1.99 level, and with investor demand fading it fell away to test new lows. However, renewed demand soon devel-

obed around the day's low of DM1.9760, and the US unit ame back to finish at M1.9800 from DM1.9875.

The point of major support is round the DM1.9725 level. Any break through this could well establish DM2.00 as the dollar's high and mush the unit dollar's high and push the unit into a lower trading band. Much depends on how the mar-ket interprets US August retail sales today and July trade fig-

ures tomorrow.

Dollar bulls retreated to the sidelines soon after the start of trading in London. The US unit was sold in Far East centres and the Bank of Japan took advantage of this by making additional dollar sales. In Lonanditional collar sales. In London, the dollar closed at Y146.95 against Y147.10. Elsewhere, it finished at SFr1.7100 from SFr1.7160 and FFr6.7750 from FFr6.6925. On Bank of England figures, the dollar's exchange rate index was 72.5

2 IN NEW YORK					
Sep 13	Latest	Previous Close			
f Spot	1.5515-1.5525 0.62-0.61pm 1.85-1.82pm 6.50-6.40pm	1.5475-1.5485 0.65-0.64pm 1.85-1.83pm 6.52-6.42pm			
Forward premis	ens and discounts at	ply to the US dollar			
STERLING INDEX					
	Sep.	13 Previous			

CURRENCY RATES

Sep 13	Bash rate	Special ^o Drawing Rights	European † Currency Unit
Deving d 0.5 Dellar 0.5 Dellar Cancillan 5 Assaran Sch. Scharan Sch. Scharan Sch. Scharan Sch. Scharan Sch. Scharan Sch. Scharan Krone Scharan Krone Scharan Scharan Scharan Krone S	6.00 9.75 13.78 6.75 13.78 6.75 7.75 7.75 7.75 7.75 7.75 7.75 7.75	1 25389 1 23435 1 47027 17 2656 51 2529 9 52855 2 45230 5 25449 1756 79 181 496 8 9177 152 899 8 25140 211601 211 717 0 919219	1.480773 1.04928 1.24318 1.46238 43.4401 8.06474 2.07757 2.34104 7.00025 1488.66 153.981 1.53.981 1.79.481 6.99.133 1.79.269 1.79.269 0.778857
. Mr. Pan			

CURRENCI	MUYE	WIEW I S
Sep.13	Bank of England Index	Morganes Guaranty Changes %
Sterling U.S. Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Krone Deutsche Mark Swiss Franc Bailder French Franc Ling	911 725 105.0 105.6 103.0 112.2 105.7 109.9 99.5 136.4	-20 2 -5.0 +0.9 +9.3 -1.9 +15.7 +12.8 -15.4 -18.6 +65.2
Morgan Guaranty 1982 - 100. Bank of 1985 - 1000 Rates are	Epgland lodex	verage 1980- (Base Average

OTHE	R CURRE	RCIES
Sep.13	£	\$
Argentina Australia Brazal Tiniand Freco Nong Kong Fran ForenSish Losemboarg Malaysia Medoo N. Zesland Saudi Ar. Sangapore S. Af (Cm) Tawasi U A.E.	116.30° 1032.95 - 1041.25 0.46450 - 0.47150 64.25 - 64.35 4.1890 - 4.1995 3994.60 - 4011.40 2.6210 - 2.6270 5.7995 - 5.8335 3.0725 - 3.0780	650.00-655.00 1.2660-1.2670 3.0880-3.0830 3.0880-3.0830 4.4500-4.4520 1.69.60-1.72.35 7.8073-7.8075 7.320* 667.70-673.10 0.30120-0.30150 41.35-41.45 2.7000-2.7020 2568.00-2578.00 1.6935-1.6865 3.7500-3.7510 2.8160-2.8190 2.8160-2.8190 3.9525-4.0325 2.70-2.5.75

from 72.6. The dollar's ability to improve in the short-term appears to be limited by the fear of central bank intervention. Most traders feel that the dollar is unlikely to be allowed to move sharely firmer in the to move sharply firmer in the run up to the meeting of the Group of Seven economic min-isters towards the end of this

Sterling finished below its best level but up from Tues-day's close. Its exchange rate day's close. Its exchange rate index was quoted at 91.1 from 91.0. Like the dollar, sterling sentiment is likely to be influenced by the release today of important economic figures which include UK average earnings for July and unemployment for August. This will be followed tomorrow by data on retail prices also for August.

month.

August.
The pound's steadier undertone is partly a reflection of investor confidence in the Gov-ernment's strong line on infla-

tion. Whatever the figures released today and tomorrow, there is very little chance of a fall in UK clearing bank base rates this year.

The pound rose to \$1.5530 from \$1.5470 and Y228.25 compared with Y227.50 but was unchanged against the D-Mark at DM3.0750. Elsewhere, it finished at FFri0.3700 from FFr10.3525 and SFr2.6550, the

same as Tuesday's close.
The D-Mark finished higher against the French franc. reflecting the effects of a fall in French financial futures and bond prices. The weaker tone in the French franc was seen by most as being overdone, but the D-Mark still finished firmer at FFr3.3725 from FFr3.3660. Furthermore, the D-Mark is likely to receive additional underlying support, according to many analysts, if the West German authorities increase interest rates later this year in order to choke excessive

	Eco central rates	Currency amounts against Eco Sep.13	% change from central rate	% change adjusted for divergence	Divergence Unit. %
elgian Franc anish Krone erman O-82 ark ernch Franc erich Guilder ish Punt allan Lira paulsh Peseta	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483.58 133,804	43,4401 8,06474 2,07757 7,00025 2,34104 0,778857 1,488,66 129,481	+231 +271 +0.92 +1.39 +0.93 +1.36 +0.34 -3.23	+150 +150 +150 +022 +025 +025 +025	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

Sep 13	POU	ND SPOT-	FORWAR	D AGAIN	IST 3	THE POU	ND
Canada	Sep 13		Close	One month			
	anada kerheriands . Selgium Selgium Jeomark	18385 - 18440 3 454 - 347 44 30 - 64 45 11.913 - 11.96 11.905 - 11.560 3.07 - 3.08 255 85 - 257 20 191.25 - 192.00 192.25 192.00 10.34 - 10.38 10.34 - 10.37 2275 - 228 21.65 - 21.67 264 - 266 14770 - 14800 ates taken towards t	1.8410 - 1.8420 3.454, 43 - 464, 6425 - 6435 11.472, 11.734, 11.535 - 11.545 3.0774, 3.073, 577, 0.074 10.140 - 191, 10.204 11.17 - 11.18 10.364, 10.377, 10.314, 10.354, 20.374 2273, 2283, 2273, 2283, 2455, 2.66 1.4790 - 14800 Re and of London to	\$\bar{a}\$ 2.50-lictors \$\bar{a}\$ 1.514 com \$\bar{a}\$ 1.20 com \$\bar{a}\$ 4.40 com \$\bar{a}\$ 1.40 com \$\bar{a}\$ 1.51 com \$\bar{a}	1.34 6.26 5.40 4.42 6.58 1.64 2.85 1.64 2.85 4.65 7.89 4.34	0.72-0.5%pm 54-54pm 85-81pm 124-114pm 1-10-1.00pm 7-32ds 33-44ds 34-44pm 74-73-pm 53-4-4-pm 53-4-4-pm 355-334pm 148-1-43pm	1.49 5.109 5.109 6.24 4.31 1.45 2.73 4.34 1.98 6.36 5.93 5.93

DOLL	AR SPOT-	FORWAR	D AGAIN	IST :	THE DOL	LAR
Sep.13	Day's spread	Close	One month	% p.z.	Three months	% p.2
IKI relandt anada ketheriands Seiginno besmark N. Germany borugal spain rance weden apan bustria bustria	1.5500 - 1.5570 1.3455 - 1.3490 1.1840 - 1.1860 2.2275 - 2.2345 7.674 - 7.704 1.9755 - 1.985 1.65.00 - 1.65.00 1.65.00 - 1.65.00 1.75.00 - 1.75.00 1.75.00 - 1.71.00 1.75.00 - 1.00.00	6.6713 - 6.68 6.66 - 6.664 146.90 - 147.00 13.94 - 13.944 1.7095 - 1.7105 1.0490 - 1.0500	0.64-0.61cpm 0.11-0.05cpm 0.33-0.36cft 0.23-0.25cpm 3.06-1.25cpm 0.25-0.45crtst 50-40-tst 50-40-tst 50-40-tst 1.15-1.26cretst 1.07-0.14cst 1.57-1.72cretst 1.57-1.72cretst 0.41-0.37pm 0.25-0.05cpm 0.20-0.17cpm 0.20-0.17cpm	-2.12 -0.19 -2.96 3.27 1.98 1.30 0.51	187-183m 0.43-0.33m 0.73-1.0345 0.71-0.65bm 1.25-1.6045 0.76-0.73bm 1.95-22405 1.66-1.78in 1.66-1.78in 1.66-1.78in 0.60-0.754	476 113 -3.39 1241 -0.74 15.02 -5.52 -3.30 -2.80 -2.80 3.14 1.24 0.80
remions an	raies taken towards to discounts apply to t cial franc 41.45-41.	be US dollar and not	ing r UX and Irela to the impridual c	nd are qu urrency. I	geed in US corresq Selgian rate is for	r. Ferward comertible

EURO-CURRENCY INTEREST RATES						
Sep.13	Short. term	7 Days notice	Gne Mosth	Three Months	Six Montles	(lee Year
ling	133-135 13-135 12-13-5 7-7-7-5 13-611 12-611 12-611 12-611 12-611 12-611 12-611 12-611 13-	134-134 134-114 7-1-1-1-1 7-1-1-1-1 7-1-1-1-1 7-1-1-1-1 8-1-1 8-1 8	134 134 134 134 134 134 134 134 134 134	137.138 137.138 127.137.7 127.	137 84 84 12-11-7 7-7-7-7 9-12-8-1-8-1-8-1-8-1-8-1-8-1-8-1-8-1-8-1-	134-84 114-11-75-77-75-79-12-12-12-83-85-85-85-85-85-85-85-85-85-85-85-85-85-

EXCHANGE CROSS RATES										
Sep.13	3	\$	DM	Yes	F Fr.	S Fr.	H.FL	Lira	c s	B Fr
5	0.644	1.553 1	3.075 1.980	2283 147.0	10.37 6.677	2.655 1.710	3.463 2.230	2203 1419	1.842 1.186	64.3 41.4
DM	0.325	0.585	13.47	74.24	3,372	0.863	1125	736.4	0.599	20.9
YEN	4.380	6.802		1000.	45.42	11.63	1527	9650	8.068	281.
F Fr.	0.964	1.498	2965	220.2	10.	2.560	3.339	2124	1,776	62.0
S Fr.	0.377	0.585	1158	85.99	3.906	1	1.304	829.8	0,694	24.2
H FI.	0.299	0.448	0.688	65.93	2.995	0.767	1	636.2	0.532	18.5
Lira	0.454	0.705	1.3%	103.6	4.707	1.205	1.572	1000.	0.836	29.1
C S	0.543	0.843	1.669	123.9	5,630	1.441	1.880	11%	2.865	34.9
B Fr.	1.555	2.415	4.782	355.1	16.13	4.129	5.386	3426		100.

FINANCIAL FUTURES

Reluctance to take positions

SHORT STERLING for December delivery rose to 86.41 from 86.39 on Liffe yesterday and again bounced off a technical resistance point of 86.45. This is the fourth time recently This is the fourth time recently that the contract has failed to move above this level, reinforcing the belief that there will be difficulty in establishing a higher trading range, unless there are indications of a cut in bank base rates before the end of the weer.

he c	ash n	arket	boug	ht one-	said: Fe
JFFE LO 58,000 (MS GALT I	PUTUNES (PTICHS		LIFFE US TO \$100,000 64
Strike Price 91 92 93 94 95 96 97	Calls-92 Dec 3-45 2-55 2-65 1-28 0-60 0-37 0-23	Mar 4-52 4-01 3-18 2-41 2-04 1-37 1-12	Pus-e 0-11 0-21 0-25 0-58 1-36 2-03 2-53	tilements Mar 0-26 0-39 0-56 1-15 1-42 2-11 2-50	Strike Price 94 95 96 97 98 99
stimated havious d	volunte tr ay's open i	ntal, Calls d et. Calls 78	437 Purs 76 Purs 65	576 601	Estimated vo Previous day
IFFE SA	S OPTION	<u> </u>			LIFFE END

	S OFFERE				_		
Strike Price 140 145 150 155 160 165	Calls-set Sep 15.30 10.30 5.30 0.89 0.01 0.00 0.00	10.30 5.46 2.36 0.73 0.16 0.02	Pats-se Sep 0.00 0.00 0.60 0.69 4.81 9.80 14.80	0.15 0.83 2.73 6.10 19.53 15.39			
Estimated volume total, Calls 5 Puts 0 Previous day's open lot. Calls 235 Puts 22							
LOND	LONDON (LIFFE)						

PTENOUS	SELL & ODGU 1297	، بحت ملايها	100 22	
LOND	ON (LIF	FÐ		
28-YEAR £50,800	9% NOTES 32nds of 186	AL GET		
Sep Dec	Close 94-16 94-27	High 94-18 94-24	Low 94-13 94-11	;
Estimate	d volume 156	24 (10102	2	

Estimates Presions	whome 156 day's ogen in	24 (10102 L 28691 () 290721
US TREA \$160,000	SURY BOND 32nds of 10	8%	
Sep Dec Mar	77-14 97-13 97-09	High 97-13 97-12	97-10 97-09
Estimate Previous	i vylume 657 day's open kr	(2582) L 5542 (5	572)
·			

Estimate Previous	d volume 65/ day's open in	(2582) 1, 5542 (5	372)	
6% NGT 001250,0	BNAL GERN 88 1000s at	AN 60VT. 100%	9CM5	
Dec Mar	Close 93.71 93.71	High 93.86 93.79	93.60 93.64	Prer. 93,78 93,78

Estimate Previous	Estimated volume 24781, (1.6708) Providus 6ay's open im., 23873 (23568)							
6% RET	TEMAL LONG 100m 1900s	TERM JA	PÁNESE C	W7.				
Dec Mar	Close 104,04 103,53	H3gh 104.12	LOW 104.01	183 183 183				
	ed volume 64 day's open is		3 3					

Previous	d volume 644 day's open in	619) t, 789 (86)	30	
THREE I	PORTH STÉR Points et 1	LING 90%		_
Sep Des Mar Jun	Close 86.02 86.41 87.18 87.78	High 86.04 86.45 87.21 87.79	86.01. 86.39 87.18 87.77	Pre 86.0 86.3 87.1 87.7
Est. Vol.	(tac. Figs. po	t shown) I	1979 (138	55

. !	Prences	day's open m	L 92693 (94382)	
	THRE N	CHITH EURO ds of 100%	BOLLAR		
•	Sep Dec Mar Jun	91.13 91.49 91.67 91.62	High 91_13 91_50 91_68 91_63	91.12 91.48 91.67 91.62	Pres. 91.12 91.48 91.66 91.63
		Cloc. figs, ac day's open Ac			ı
į		CENTR EURO elsis of 100			
		Close	High	Low	Pres.

	Sep Dec Mar Jun	92.62 92.63 92.67 92.67 92.75	High 92.66 92.63 92.72 92.82	92.62 92.52 92.66 92.82
	Estimated Prerious d	volume 532 lay's open io	4 (2116) L 17462 (1	17225)
-	FT-SE 18	O DEDEX		

	de DEDEX full fodex paja			
Sep Dec Mar	2399.0 2399.0 2444.0 2484.0	High 2407.0 2449.0	2385.0 2431.0	2400 2440 2480
Previous	d voleme 5049 day's open ist	25206 0		
POUND-S	(FÖRESGN E	XCHANGE	2	
5pgt 1.5530	1-mth 1-5468	3-mth		12-mi 1.48

Latest iffigh Low Pres. 1,5650 1,5750 1,5518 1,5468 1,5358 1,5360 1,5330 1,5280 1,5150 1,5180 1,5148 1,5104

MONEY MARKETS

Bank sells long bills

THE BANK of England sold some fairly long dated bills to the London money market yes-terday, to absorb a surplus of day-to-day credit. The fact that the commercial banks and discount houses were happy to buy bills with over a month to run suggests there is confidence that bank base rates will not change during the period. The Bank of England initially forecast a money market surplus of £250m, but revised this to £300m at noon. Before lunch the authorities took out most of the surplus by selling £246m Treasury bills, due Octo-

UK clearing bank hase leading rate 14 per cent from May 24

ber 16, at rates of 13% to 13% per cent. In the afternoon another £10m Treasury bills were sold, due September 15, at a rate of 13% per cent.
Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £113m, with a rise in the note circulation absorbing £95m and bank bal-

These factors were outweighed by Exchequer transactions adding £555m to liquidity. Overnight money touched a low of 12%-12% per cent, but closed at the day's peak of 13%-13%, compared with 13%-1311 per cent on Tuesday.

Three-month interbank was

ances below target of £95m.

quoted at 1311-1312 throughout, against 1311-1314 per cent previously.

In Frankfurt call money firmed slightly to 6.90 per cent from 6.85 per cent, after a rise in the rates accepted at the West German Bundesbank's 28-day securities repurchase agreement tender. The rates were between 6.85 and 7.10 per cent, compared with 6.80 to 7.00 per cent for a similar pact last week. The central bank allocated DM19.2bn at the tender, against DM19bn draining from the banking system as an earlier agreement expires.

Dealers noted that some banks had bid above the 7.00

per cent Lombard emergency financing rate, suggesting that there is nervousness about a rise in the Lombard rate in the near future.
At the weekend Mr Karl Otto

Põhl, President of the Bundesbank, suggested that he would welcome a strengthening of the D-Mark. The currency has support from a strong economy -gross national product growth is expected to be about 4 per cent this year, according to a statement yesterday by Mr Hel-mut Haussmann, West German Economics Minister - but is regarded as too low-yielding to

be attractive. This has encouraged speculation that German interest rates will rise to resist any further significant weakening of the D-Mark against the dollar.

FT LC	ONDON INTE	RBANK F	XING					
C11.00 a.m. Sep.13)	3 mentis US dollars	6 months US Dollars						
PR 81"	uffer 8%	PR 87	ofter 8%					
ted by the startest to fiv k, Bank of Tokyo, Deu	hmetic means rounded to the ne e reference basis at 11.00 a.m. tsche Bank, Baoque National d	, each working day. The bar le Paris and Morgan Gasra	ds are National Westminster oly Trust					
	MONEY	RATES						
EW YORK		Treasury Bills and B						

	N	ONE	f RAT	ES		_
NEW YORK			Treasury	Bills and I	3onds	
Lunchtime Prime rate Broker loan rate Fed.funds Fed.funds at loterventlog.	. 10½ 1 . 10 5 . 8% (ine mosth we mosth iree mosth ix mosth ine year wo year		7.90 Four; 7.79 Phey 7.97 Seven 8.02 10-ye	yeir egr egr yeir egr	8.07 8.03
Sep.13	Overnight	One Month	Tero Months	Three Months	Six Months	Lombard Intervention
Frankfart. Paris Zarich Antslendam Tokyo Militar Militar Brisselt. Dieblin	6.85-6.95 87-9 63-63 7.25-7.35 53-52 123-123 6.80 91,-91,	6.85-7.00 9-91, 74-74, 7-37-7.47 5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-	6.95-7.10 92-92 - 104-104	7.00-7.20 91-93 73-75 746-7.56 531-54 123-123- 83-83 104-103-2	7.15-7.35 914-914 1024-1014	7.00 8.75 - - -
	LOND	ON M	ONEY	RATI	S	
Sen.13	Oweniel	, 7 days	One	Three	Six	Gne

LONDON MONEY RATES										
Sep.13	Overnight	7 days autice	One Month	Three Months	Six Months	Gne Year				
Interbank Offer	13% 12½	137 135	13H 13H 13H	14 137 131 131	131	13 k 13 k 13 k 13 k				
Local Authority Bonds Discount Mirt Deps Company Deposits	13H 13H	13H			14:	131				
Finance House Deposits Treasury Bills (Buy) Bank Bills (Buy) Fine Trade Bills (Buy)			134144 113444 113444 1430 1430 1430 1430	11411111111111111111111111111111111111		-				
Collar CDs SDR Linked Dep Offer SDR Linked Dep Bid CU Linked Dep Offer	=		8.90 8.6 8.6	882	1111888998	8.70 85g 83g 93g 95g				
CU Linked Dep Bid Treasury Bills (sell):	<u> </u>									

Treasury Bills (sell): one-month 1312 per cent; three months 13-b per cent; Bank Bills (sell): one-month 13-b; per cent; three months 13-b; per cent; Tessor Bills; Average tender rate of discount 13-4610 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 31, 1989. Agreed rates for period September 25 to October 24, 1989, Scheine I: 14-76 p.c., Scheines II & III: 13-16 p.c. Reference rate for period August 31 a August 31, 1989, Scheine 14-76 p.c., Scheines II & III: 13-16 p.c. Reference rate for period August 31 a August 31, 1989, Scheine 14-74 13-74 a August 13-74 a Augu

month bills from the Bank of England yesterday seems to indicate that there is no expectation of lower rates at present. on Friday are expected to con-firm strong earings growth combined with slowing price pressures, while Friday's US figures (on trade, producer prices and industrial produc-tion) provide the threat of a rising dollar coupled with a decline in starting. A firm performance by the pound - gaining against the dollar and holding steady in terms of the D-Mark - was regarded as a plus factor for the market, but this was bal-anced by fear that today's UK employment data will show an

take fresh positions in the short end of the UK credit mar-kets. UK figures due today and

on Friday are expected to con-

decline in sterling.

This was reflected in another quiet day, with December short sterling trading only about 8,500 contracts on Liffe.

Nigh Low Prev. 0.5056 0.5047 0.5031 0.5073 0.5063 0.5048 0.5085 0.5080 0.5045

LIFFE BUND FUTURES OFTMAS BN250,600 points of 100%

increase in the rate of average GNI, a large trader on Liffe,

LEFFE 85 \$194,900		TY BOND F	elines	6P738KS
Strike	Cath-se	ttiements	Pre-se	tilements
Price	Dec	Mar	Det.	Mar
94	3-95	4-33	0-29	1-15
95	3-05	3-25	0-43	1-37
96	2-25	3-17	0-63	1-63
97	1-51	2-47	1-25	2-29
98	1-19	2-16	1-57	2-62
99	0-59	1-54	2-33	3-36
100	0-42	1-31	3-16	4-13
Estimated	quinme to	atai, Calis I	20 Parts 2	0
Previous d	ay's open k	Pi. Calis 15	31 Parts 15	570

	Liched	à salem err o	ر سحب وس	عسر جي	
	CHICA	6 0			
	U.S. THE	STRY MONES Stants of LOG	(CBT) 8%		
Pres. 94-18 94-19 Pres. 97-14	Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar	Untest 97-12 97-11 97-07 96-21 96-21	High 97-14 97-14 97-07 96-30 96-21 96-13	97-10 97-10 97-09 97-05 96-30 96-21 96-21	97-1 97-1 97-1 97-1 96-1 96-1 95-1
97-14 97-10	U.S. THEA Sin point	SURY MILS (s of 190%			
	Sep Dec Mar Jen Sep	12/40 92.86 93.00 92.99	High 92.40 92.88 93.04 92.99	92.37 92.85 92.99 92.99	SS
B					

Latest High Low Prev. 0.5851 0.5859 0.5845 0.5832 Sep 0.5871 0.5878 0.5862 0.5832 Dec 0.5878 0.5888 0.5878 0.5866 Mar PRILADELPHIA SE EJS OFTENS 531,256 (costs per £1)

BASE LENDING RATES

	70		79		
ASK Bank	14	Clydestale Bank	14	Hat Westminster	
Adam & Company		Comm. Bk. N. East	14	Hortbern Back Ltd	14
Allied Trest Bank		Co-operative Bank	714	Horwich Gen. Trast	14
Alled Irish Bank		Coetts & Co	14	PRIVATbarden Limited .	14
Herry Aoshacher	14	Carganas Popular Bik		Provincial Bank PLC	15 .
Associates Cap Corp	14	Dumbar Bank PLC		R. Raphael & Sons	14
Anthority Bank	14	Doocan Lawrie		Rozberghe G'rankse	144
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Our 1987/88 Managed Account yielded a profit of 40.54% NET

Our 1988/1989 Managed Account yielded a profit of 24.80% NET

The Audited 1st 1/4 of our 1989/90 Managed Account - yielded a profit of 48.33% NET

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Business software advertising appears every Saturday in the WEEKEND FT. For advertisement details please telephone PETER SHIELD on 01-873 3486/01-407 5764

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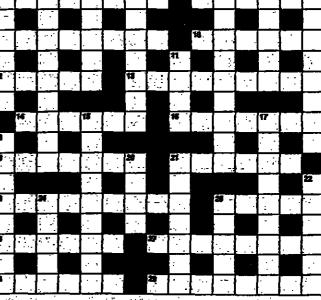
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Prices taken at 5pm and change is from previous close at 9pm-**JOTTER PAD**

CROSSWORD

No.7,037 Set by VIXEN



1 Cheat a servile agent and so

9 Kept from retiring (8)
10 Poster depicting a modern writer (6)
12 A little outmeal loaf baked only in a Scottish place (5): 13 Deep legal man – a shark! (3-6) 14 Building on firm founda-

tions (6) 16 Strikers making friends outside the church (7)

19 Quietly continue to speculate (7)

21 Invective, a tried distraction

(6)
23 Deduction for pension (9)
25 Transport in the Canterbury
area is causing some alarm

26 A frigid high-brow (8) 27 The visitor getting more 28 This bird's out of danger (6) An individual whose unpleasant ways are reveal-

DOWN A number of towns in South Africa (6) 2 Plant for the new motel site

woman (5)
Manage to read rhymes in

A way to get a call returned

(5)

8 A quarter possibly is purer for a wonder (8)

11 Single-handed success? (4)

15 The greatest, swimmer the world has ever known (4,5)

17 Angry head flower-arranging (9)

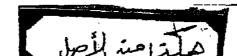
18 Make notes about a point for speech (5)

for speech (8)
Egghead and social worker
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24 Don't get up early – about one is right (3,2) 25 Narrow pedestrian way under Russian centre (5)

Solution to yesterday's Puzzle





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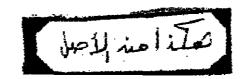
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	Section 4.340 -10 Section Methods 5.042 -10 Section Methods 5.044 -10	MEC	-30 C-realth and San 5.36	0UB 4.40 -0.01 Public Bant 1.42 -0.01 Sime Darby 3.66 +0.06 Signer Air Free 119 70 +0.1 Simpapor Press 9.20 -0.05 Straits Tracing 4.00 -0.02 Tax Lee Banx 3.18 UDB 15.70 +0.1	provides eye-opening coverage of events that turned-on papers. That's to be expected; sin for people who know that knowledge is pow the switch – order your personal subscription. In the U.S. call 1-800-344-1144. In	t often escape the notice of other, less ce 1888 the FT has been lighting the way ver. If you're an occasional reader, make on today. Canada call 1-800-543-1007.
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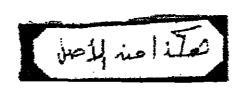
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Late burst of programme trading pushes Dow down

Wall Street

A LATE BURST of programme equities sharply lower yester-day afternoon in a decline led by blue chip issues, writes
Karen Zagor in New York.
The Dow Jones Industrial

Average closed down 27.74 points to 2,679.52. Volume on the New York Stock Exchange was moderate, with 177m shares changing hands. Declining issues led those advancing by 908 to 552.

Among broader market indices, the Standard & Poor's 500 closed down 3.24 points at 345.46, after rising 1.36 points at midday, while the Amex Composite fell 0.77 to 383.77. Among other stock averages, the Dow Jones Utilities Aver-

age closed at 214.1, down 1.82 points and the Dow Jones Transportation Average fell 7.82 points to close at 1.469.24. 7.82 points to close at 1,469-24. The decline in equities was mirrored in the debt market, where in late trading the Treasury's benchmark 30-year long bond fell & point to 991, yielding 8.12 per cent after rising a much as 4 earlier in the day. Fed Funds, the rate at which banks lend to each other. ended the day at 818 per cent, after trading through most of the day at 8% per cent. The Federal Reserve did not arrange any open market

operations.

The debt market's fall was

led by a drop in the dollar, which in late afternoon was trading at Y146.42 and DM1.9725, down from its Tokyo high of Y147.35 and DM1.9885.

MGM/UA climbed \$1% to \$21% after the entertainment group said it had received a takeover bid of \$23.16-a-common-share from an unnamed

Microsoft gained \$2 to \$621/4 in over-the-counter trading after Donaldson Lufkin & Jen-rette, the New York securities house, added the stock to its recommended list for the first

Among other computer stocks, IBM fell \$1 to \$115% and Compaq Computer slipped \$% to \$91%. Oracle Systems climbed \$% to \$19% after an analyst at Smith Barney Harris

Upham gave the stock a "buy" recommendation.

UAL. parent of United Airlines, added \$1% to \$281% after a pilot and management group said it would present financing arrangements for its \$300-ashare bid at the company's board meeting today. UAL has received a rival bid of \$275-ashare from Mr Marvin Davis,

the Los Angeles investor.

AMR, the parent of American Airlines which has been the subject of recent takeover speculation, dropped \$% to \$1.4. Delta Air Lines slipped \$1% to \$74%. Texas Air, parent of troubled Eastern and Continental airlines, was down \$% to \$19%.

Semiconductor issues continued to post gains after the industry's monthly report, which was in line with analysts' projections. Motorola added \$1% to \$57%, and Advanced Micro Devices gained \$½ to \$9. Royal Dutch Petroleum rose

\$% to \$68%. However, a num-ber of other oil companies lost their earlier gains, including Chevron, which fell \$% to \$58% and Exxon, which fell \$% to \$44%. Occidental Petroleum fell \$% to \$29% in active trading after an appeals court reversed a previous ruling which made a charge of \$412m against its pipeline operations.

Canada

TURNOVER improved in Toronto yesterday with stocks easing in active trading. The composite index closed down 10.50 to 3,917.01, the low for the day, with declining stocks out-numbering those advancing by

Volume improved markedly to 36m shares, compared with 27m on Tuesday.
Campeau shed C\$3% to C\$13% before trading was suspended in the afternoon.
The company said its Federated Department Stores unit was holding talks to meet a Friday deadline on obtaining

inancing commitments.

Nikkei lower as yen falls and inflation fears return

INVESTORS lost heart in the face of another downturn in the yen, caution returned to the market and share prices turned lower, writes Michiyo Nakamoto in Tokyo.

The Nikkei average took a sizeable dent during the day, falling to a low of 34,185.59; but later arbitrage-linked buying helped trim its losses and it closed a moderate 45.94 lower at 34,286.94. The day's high was at 34,345.48. Advances led declines by 490 to 412 while 210 issues closed unchanged.

Turnover picked up, with 638m shares changing hands compared with 514m on Tuesday. The Topix index of all listed shares rose 3.31 to Nikkei 50 index rose 2.20 to 2,014.37.

News of the Government's decision to postpone the fourth issue of shares in Nippon Telegraph and Telephone (NTT) came well after the close.

The yen's retreat brought back fears of inflationary pressures and the possibility of higher domestic interest rates. At the same time, institutional investors were inclined to play it safe, according to an analyst at Sanyo Securities, waiting to close their books for the yearend and looking ahead to "Super Friday" tomorrow when the US trade balance for July and the August wholesale price index will be announced.

In addition, investors were unhappy about a report in the leading economic daily that the opposition Japan Socialist Party (JSP) wants to increase the capital gains tax to replace revenue from an unpopular consumption tax, which it

wants scrapped.
Normally such reports would go little noticed. But the opposition has a majority in the Upper House and polls show that the JSP is gaining popularity, against the ruling Lib-

eral Democratic Party.
At company level, attention turned to machine tool makers and other companies which could benefit from increased capital spending, after a report that the corporate sector was making a considerable increase

in its capital investment. Hitachi Seiki was the second most actively traded stock of the day with 12.6m shares, advancing Y50 to Y1,300. Toyoda Machine rose Y80 to Y1,800 while Toshiba Machine added Y50 to Y1,200, both in active

Special situations were in favour, too. Konica, which makes photographic equipment, added Y100 to Y1,450, partly on the strength of an expected increase in dre-tax profits in the year ending April 1990. Rumours that a predator was around also triggered

Gains in smaller and medium sized companies sup-ported Osaka where the OSE average rose 177.91 to 34,736.91. Volume also improved substantially to 101m shares compared with Tuesday's 67m.

Roundup

THE mood improved in Singapore, and Taiwan was sharply higher, but markets elsewhere in the region remained weak.

SINGAPOBE reached
another post-crash high after
two days of consolidation, but there were some fairly large losses in the property sector following local newspaper

articles which expressed caution on the property market. The Straits Times industrial index rose 7.10 to 1,420.52, and turnover picked up to 94m shares from Tuesday's 76m.

Singapore Land fell 60 cents to S\$13.20 in thin volume, Straits Steamship lost 8 cents to S\$3.40 and DBS Land shed 6 cents to \$\$2.56. AUSTRALIA closed weaker

after a rise in the Australian dollar, which threatened profit margins on exports and put more pressure on shares of metals and minerals companies. The All Ordinaries index closed 7.1 lower at 1,734.2, incorporating a 9.3 drop to 961.2 in the All Resources mea-

Turnover rose to 144m shares and A\$360m from 136m and A\$248m on Tuesday. However, dealers noted that Elders IXL, the most highly-traded stock, bought back upwards of

A\$50m of its own equity.

Bond Corp continued Tuesday's recovery, firming 3 cents to 39 cents, after trading as high as 42 cents. Bell Resources lost 4 cents to

ZEALAND dragged lower by a sharp fall in Fletcher Challenge, the country's biggest company, after the announcement of an NZ\$480m one-for-seven rights issue. This accompanied record profits for the year to last June but the shares fell 19 cents to

Trade in the stock was very heavy at 6.1m shares worth NZ\$33.3m, and the Barclays index fell 43.77 to 2,372,69. HONG KONG ended weaker

in thin trading worth HK\$656m and the Hang Seng index fell 18.01 to 2.592.14. Mandarin Oriental, the hotels group, rose 10 cents to HK\$5.60 on speculation that an international airline might be

interested in a stake. TAIWAN rebounded after a sharp fall on Monday and the market's closure on Tuesday due to a typhoon. Investors reconsidered government plans to increase the daily fluctuation limit on prices, taking the view that it would be good for the market and the weighted the market, and the weighted index rose 226.49 to 10,437.72.

The market is closed today.

Kuwait hopes unit trusts will revive market Andrew Gowers examines the latest proposals to rebuild confidence among investors

HE Kuwaiti authorities is concentrated in a pitifully of around \$8m. are encouraging the introduction of unit

trusts, in an attempt to breathe new life into the local stock market and pave the way for a possible programme of privati-

The proposals, which will allow Kuwaitis and foreigners to buy units in listed funds investing in stocks, bonds and property, are expected to receive approval from the Council of Ministers within weeks and could be implemented by next spring, according to Mr Hisham al-Oteibi,

president of the Kuwait Stock Exchange.

The plan is the latest step in the slow and painful process of rebuilding confidence among Expression investors following Kuwaiti investors following the disastrous collapse of the Souk al-Manakh unofficial share market in 1982. Mr al-Oteibi, 41, who has been in charge of the fledging stock exchange for two years, believes the market stands to

gain in several ways.
Turnover has grown steadily since since 1987, with 4bn shares worth KD800m (\$2.70n) traded last year. But business

small number of stocks and the unit trusts could help the exchange reach a more respect-able level of liquidity. New investors, notably from

among the sizeable expatriate population, could be drawn in. Kuwaiti bankers believe the trusts may prove especially attractive to expatriates from other Arab countries who have other Arab countries who have lacked local outlets for their savings and may be reluctant to send the money home in view of political and economic difficulties in such places as Egypt, Jordan and Syria.

Mr al-Oteibi hopes that banks and investment companies running the new funds

nies running the new funds will eventually play a role com-parable with that of the big institutions on Western stock markets. "We're hoping that the unit trusts will in time become market makers and specialists. That will be their

target, he says.

The funds may eventually provide a useful base for new facilities such as options. And the market is already gearing itself up for the next phase, with plans to buy a fully automated trading system at a cost

Ever since the Manakh bubble burst, leaving a mountain of post-dated cheques worth some KD27bn, the Government has been afraid that relaxing its grip on share trading could

spark off another burst of spec-

But it now has its own reason for trying to encourage a more active market; namely a desire to sell off chunks of the huge holdings in Kuwaiti companies which it was forced to absorb during its protracted efforts to defuse the Manakh crisis and to support the market at other times.

ocal economists and bankers estimate that directly or indirectly, the Government owns shares amounting to about 65 per cent of the exchange's total capital-isation of around KD3.4bn. This, in itself, has had a stifling influence on the market. For some time, the Ministry of Finance and the Kuwait Investment Authority, which holds most of the local stocks on behalf of the Government, have been working on a pro-gramme of asset disposals.

Other activity tends to focus

This has yet to bear fruit, but a tentative start might be made if the market were to show a durable improvement. ss and financial confi-

dence in Kuwait remains fragile. There has been deep disappointment at the economy's failure to show a significant revival after the ceasefire in the Iran-Iraq war - the anticipated reconstruction boom in fraq, and accompanying trans-shipment business in Kuwait, has not materialised.

has not materialised.

The market also lacks good stocks. Probably the only company that could be called a genuinely blue chip investment is the National Bank of Kuwait, a staid but highly-respected institution which has been unique among locallybeen unique among locally-based banks in staying out of The limited amount of NBK

stock on the market is in constant demand, and expectations of a continuing flow of profits and dividends have driven its share price so high that it now accounts for a quarter of the market's capital-

on a few well-regarded indus-

trial or service companies. The search is on, therefore, for quality companies to broaden the scope of the exchange. Mr al-Oteibi says that six sizeable newcomers are waiting to be introduced, but he is coy about details.

ne candidate for flota-tion in the not-too-dis-tant future is United Bank of Kuwait, the Londonbased joint venture between Kuwaiti banks and investment

companies.

NEK, which competes with
the London bank in many areas, is known to want to sell areas, is known to want to sen its stake, and a listing seems a painless way of doing so, while enabling UBK to bring private shareholders on to its books.

A genuine pick-up in trading volume would be good for the Knwaiti economy in the long run. But there could be a much ride along the way.

rough ride along the way.

On the upside, other stock prices could emulate the NBK performance; on the down, this market will be sensitive to the threat of oversupply — which is why the Government is likely to remain cautious on the question of asset disposals

Introspective Frankfurt suffers third decline

WINNERS returned to the Continental charts yesterday but the big bear market of the week, West Germany, was probably one of the most articrelate, writes Our Markets Staff.
FRANKFURT fell again, and found more reasons why. Sentiment is still soured by Daim-

ler's refusal to announce its rights issue terms last Monday, or this week; it has not been helped, either, by the financial crisis at the Co op retailing group which came to a head

Dealers also dislike the plethora of covered warrants issued recently against leading German shares, arguably soaking up money which could have been invested in the shares themselves; they note, also, declines on the domestic bond market, renewed fears of another rise in interest rates and worries about depreciation of the D-Mark against the dol-

The FAZ index fell 870 to 668.48. Turnover declined again, from DM4.7bn to DM4.1bn, and the DAX dropped 16.24 points to 1,609.66 for a fall of 37.95 points on the

week so far.
Blue chips are falling faster than second liners, as the car industry has demonstrated. terday to DM796.20 for a drop of DM43.80 on the week so far. Porsche, a second liner with class, got caught in the slide yesterday with a DM3 decline to DM844, but it was still DM17

up on last Friday.
PARIS edged higher but interest was confined to selected stocks and turnover was moderate, at about Tuesday's FFr2.8bn level.

Béghin-Say, the sugar producer which is 60 per cent owned by Ferruzzi Finanziaria of Italy, rose FFr20 to FFr679 on reports that it was selling its remaining paper interests and indications that it would not now need to make a rights issue. Some 53,000 shares were

presentation in London and announced a 27 per cent rise in

SOUTH AFRICA

closed steady as pending rights issues and the privatisation of Iscor, the state-owned steelmaker, kept trading quiet. first half profits. The news appeared to impress French investors more favourably than the British, said one dealer, and the price rose FFr18 to FFr652. Chargeurs, the textile to

transport group, gained FFr52 to FFr1,286 after lagging the

The OMF 50 index rose 1.93 AMSTERDAM was quiet apart from a few corporate fea-tures, notably positive reaction to much better than expected

half-year results from Bols, the distiller, late on Tuesday. The broad market was mixed as investors waited for US economic statistics today and tomorrow, and the CBS ten-dency index was steady at 196.1 in moderate trade worth

News that Mr Rund Lubbers, the Prime Minister, would have to try to forge a centreleft coalition had more impact on domestic than foreign inves-

tors, said one analyst, who added that foreigners were generally content as long as Mr Lubbers was at the helm. Bols rose Fl 5.90 to Fl 163 in

the wake of its 19 per cent increase in profits, while Royal Dutch, which releases its interim dividend today, gained F12.90 to F1154.30 in active trading.

Amro Bank, dropped F12.10 to FI 84.90 because of the finan-cial difficulties facing Co op, the West German retailer in which it has a stake.

MILAN lost up to 1 per cent in the morning, and got it back again in a late wave of selective buying interest. The recovery was sparked by a come-back in the insurance sector, and blossomed in the banking sector which is mulling over plans to recapitalise the Banca Nationale del Lavoro.

MADRID hit a new all-time high, helped by widespread buying interest and news of a 0.2 per cent rise in August

inflation. The figure was well below the 1.6 per cent rise in July, but by yesterday morning the market was expecting a dramatic improvement. The general index rose 1.21 to 328.93.

BRUSSELS was driven to another peak by strong demand for two underperform-ers, Cockerill and Petrofina, and renewed speculative activity. The cash market index

rose 35.1 to 6,647.21. Cockerili, depressed last week, jumped BFr15 to BFr294 on 105,000 shares traded, while Petrofina gained BFr425 to BFr13,025 on 11,500 shares after Takeover speculation returned to Raffinerie Tirlemontoise, the sugar refiner, as

rose BFr95 to BFr2.895 on talk of an imminent bid. STOCKHOLM slipped marginally in sluggish trading, the Affärsväriden dipping 9.7 to 1,293.5, its lowest level since the end of July, in volume

SKr25m lower at SKr233m. Sentiment has been bearish since mid August, when sev eral big Swedish companies reported dsappointing first half

Saab-Scania took pole posi-tion with more than SKr20m of turnover. The investment com-pany Bark and is said to have bought 40 per cent of all Saab shares turned over on the stock market during the past three weeks and has emerged as the car manufacturer's single higgest owner with control over 14 per cent of its shares, unchanged at SKr255 last

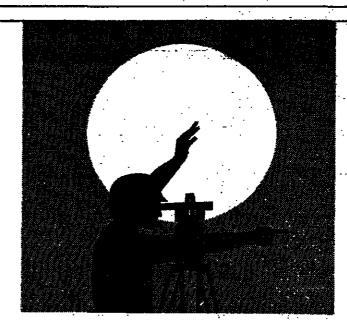
OSLO shook off fears of political instability after Monday's national elections, concen-trated on firm North Sea cil prices and the improving economy, and took the all-share index up 3.32 points to 527.59 in moderate trading. ZURICH fell across the

board, the Credit Suisse index shedding another 5 to 656.2.

672p

10p

660p



THE LILLEY BID FOR TILBURY CLOSES AT 1.00p.m. 20 SEPTEMBER 1989 (unless declared unconditional as to acceptances, whereupon it will remain open for at least a further 14 days)

THE VALUE OF THE LILLEY SHARE OFFER IS

THE CASH ALTERNATIVE IS WORTH

LILLEY WILL ALSO PAY YOU THE EQUIVALENT OF THE TILBURY NET INTERIM DIVIDEND PAYABLE IN OCTOBER OF

LILLEY CAN THEREFORE PAY UP TO A

CASH TOTAL TODAY OF +

YOU CAN SELL YOUR TILBURY SHARES TODAY FOR 660p[†]

LILLEY

THE FUTURE UNDER CONSTRUCTION

This advertisement is published on behalf of Lilley plc, and has been approved by Salomon Brothers International Limited, a member of

The Securities Association, solely for the purpose of section 57 of the Financial Services Act 1986.

The Directors of Lilley plc accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts. Bessed on a Lilley share price of 68p on 12 September 1989 according to SEAQ and the valuation of a Lilley preference with BZW contained in Lilley's Final Offer document dated 6 September 1989.

†This facility is restricted to the extent that Lilley or persons acting in concert with it will not purchase Tilbury shares, include which will in total exceed 29.99 per cent of Tilbury's issued share capital.

References to 660p are before tras Tilbrary's share price on SEAQ at close of business on 12/9/89 was 650-665p

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling index	Local Currency index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	154.50	+1.3	147.49	132.20	-0.4	4.80	152.57	146.21	132.68	157.14	128.28	140.18
Austria (19)	149.06	- 0.4	142.30	153.46	-0.6	1.59	149.69	143.46	154.42	150.67	92.84	86.52
Belgium (63)	134.74	+0.9	128.63	137.90	+0.7	4.01	133.51	127.95	136.97	137.97	125.58	114.88
Canada (123)	148.15	-0.1	141.44	127.23	-0.3	3.17	148.38	142.18	127.68	153.59	124.67	118.48
Denmark (36)	195.43	+1.1	186.57	204.14	+0.7	1.56	193.28	185.23	202.67	219.89	165.35	124.02
Finland (26)	130.70	+0.6	124.77	122.09	+0.2	2.25	129.91	124.50	121.84	159.16	125.81	116.36
France (126)	130.93	+0.3	124.98	137.14	+0.1	2.75	130.55	125.11	137.05	133.44	112.57	94.11
West Germany (98)	96.04	- 0.9	91.69	98.86	-1.3	2.06	96.96	92.92	100.18	100.53	79.56	77.36
Hong Kong (48)	109.27	- 0.7	104.32	109.55	-0.7	5.07	110.08	105,48	110.34	140.33	86.41	101.18
Ireland (17)	151.56	+ 0.8	144.69	158.54	+0.4	2.79	150.42	144.16	157.94	166.69	125.00	128.04
italy (97)	92.24	+ 0.1	88.06	97.75	-0.2	2.30	92.13	88.29	97.98	96.73	74.97	69.86
Japan (455)	176.47	+ 0.2	168.47	163.92	+0.1	0.49	176.14	168.80	163.78	200.11	164.22	159.41
Malaysia (36)	199.85	+0.2	190.79	207.90	+0.2	2.47	199.49	191.19	207.56	199.87	143.35	138.75
Mexico (13)	321.99	+ 1.0	307.39	905.81	+1.0	0.56	318.70	305.43	897.26	321.99	153.32	149.46
Netherland (43)	127.59	+0.9	121.80	129.86	+0.4	4.02	126.47	121.21	129.30	130.67	110.63	102.35
New Zealand (20)	86.18	-0.5	82.27	77.11	- 1.5	4.55	86.59	82.98	78.26	88.18	62.64	71.78
Norway (24)	182.50	+0.7	174 <u>.22</u>	178.23	+0.3	1.45	181.30	173.75	177.67	198.39	139.92	109.41
Singapore (26)	168.70	+0.4	161.05	153.93	+0.2	1.82	168.02	161.02	153.58	170.62	124.57	121.78
South Africa (60)	155.31	+0.2	148.27	135.53	+0.2	4.17	154.98	148.53	135.24	157.59	115.35	105,14
Spain (43)	160.60	+0.6	153.32	150.14	÷ 0.1	3.42	159. 69	153.04	149.95	160. 94	143.14	135.72
Sweden (35)	177.55	-0.4	169.50	175.12	- 0.7	1.96	178.22	170.80	176.31	188.94	138.45	115.43
Switzerland (64)	87.90	-0.6	83.92	93,19	— 1.0	2.02	88.47	84.78	94.12	94.18	67.81	74.61
United Kingdom (306)	153.12	+0.5	146.18	146.18	+0.1	4.03	152.31	145.97	145.97	158.41	133.28	123.01
USA (549)	140.58	-0.9	134.21	140.58	-0.9	3.31	141.91	136.00	141.91	143.84	112.13	110.06
Europe (997)	128.42	+0.2	122.60	127.58	-0.1	3.23	128.14	122.81	127.76	132.62	112.63	101.39
Nordic (121),	164.99	+0.3	157.51	159.71	+0.0	1.78	164.47	157.62	159.75	178.38	137.95	108.76
Pacific Basin (670)	173.23	+0.2	165.37	160.73	÷ 0.1	0.73	172.87	165,67	160.65	194.72	160.44	156.32
Euro - Pacific (1667)	155.44	+0.2	148.40	147,34	+0.0	1.57	155.11	148.66	147.35	166.98	141.56	134,36
North America (672)	140.94	-0.9	134.54	139.75	-0.9	3.30	142.19	136.27	141.01	144.24	112.79	110.50
Europe Ex. UK (691)	112.75	+ 0.0	107.64	116.09	- 0. 4	2.64	112.77	108.07	118.51	116.28	96.30	87.85
Pacific Ex. Japan (215)	134.09	+0.5	128.01	120.61	-0.5	4.55	133.41	127.86	121.18	137.65	111.93	119,10
World Ex. US (1863)	155.29	+0.2	148.25	146.80	+0.0	1.65	154.98	148.53	146.82	166.35	141,49	133.53
	148.60	-0.3		144.50	-0.4	2.02	148.97	142.77	145.04	155.66	136.98	124.53
World Ex. UK (2106)			141.88		-0. 4	2.19	149.22	143.01	145.17	155.92	136.67	124.49
World Ex. So. Af. (2352)	148.95	-0.2	142.19	144.69			136.86				114.51	107.60
World Ex. Japan (1957)	138.28	-0.4	130.10	135.00	-0.6	3.34		131.16	135.81	138.29		
The World Index (2412)	148.98	-0.2	142.23	144.62	-0.8	2.20	149.25	143.04	145.10	155.89	136.68	124.37
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